

Charting Tomorrow

#BreakingNewGround

Integrated

REPORT

2023

Senwes 



Contents

Reporting suite

Reporting principles & guidelines

- The International Integrated Reporting Framework.
- South African Companies Act 71 of 2008, as amended.
- The King IV Report on Corporate Governance (King IV™) (applied as far as practically possible).
- International Financial Reporting Standards (IFRS).
- Department of Trade and Industry's Codes for Broad-Based Black Economic Empowerment.
- G4 Sustainability Guidelines.

Reports

IR



The integrated report (IR), which features extracts from the annual financial statements, is the Senwes Group's flagship reporting publication.

AFS



The group's annual financial statements (AFS) provide an in-depth analysis of the group's financial results and performance.

SR



A web-based sustainability report (SR) provides a summarised overview of the group's sustainability activities, strategies and ongoing processes.

AGM



The notice of the annual general meeting (AGM) presenting the annual financial statements and key resolutions for shareholders to consider, is made available to each shareholder and is available online.

Theme



Charting Tomorrow

The 2023 integrated report celebrates the fruits of success derived from Senwes' long-term focused strategy over the past decade, and at the same time reaffirms the group's commitment to future strategic focus and execution (commitment to "charting tomorrow") in support of its purpose: to provide innovative and integrated solutions for clients to enable them to do their business.

The theme is further emphasised by the striking design on the cover of the integrated report, which aims to encapsulate being at work before the crack of dawn, also recalling ideas such as focus, sense of responsibility and commitment. The compass and Senwes logo near the tractor reaffirm Senwes' commitment to continuously refocus its future strategic direction ("charting tomorrow") with its client base as the central point.

Related media coverage

For related media coverage, such as press releases or radio interviews with Senwes' Group Chief Executive Officer (CEO), visit www.senwes.com.

IR and AFS enquiries or feedback

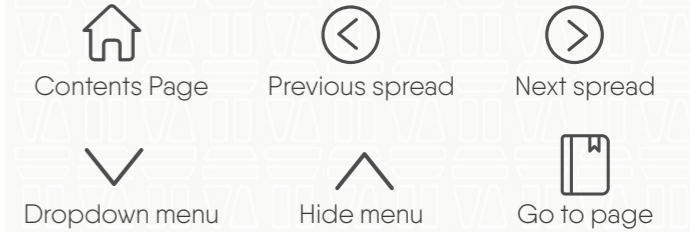
Carl Klingenberg
(Group Chief Financial Officer)
Telephone: 018 464 7476

SR and AGM enquiries or feedback

Elmarie Joynt
(Group Company Secretary and Chief Legal Counsel)
Telephone: 018 464 7104

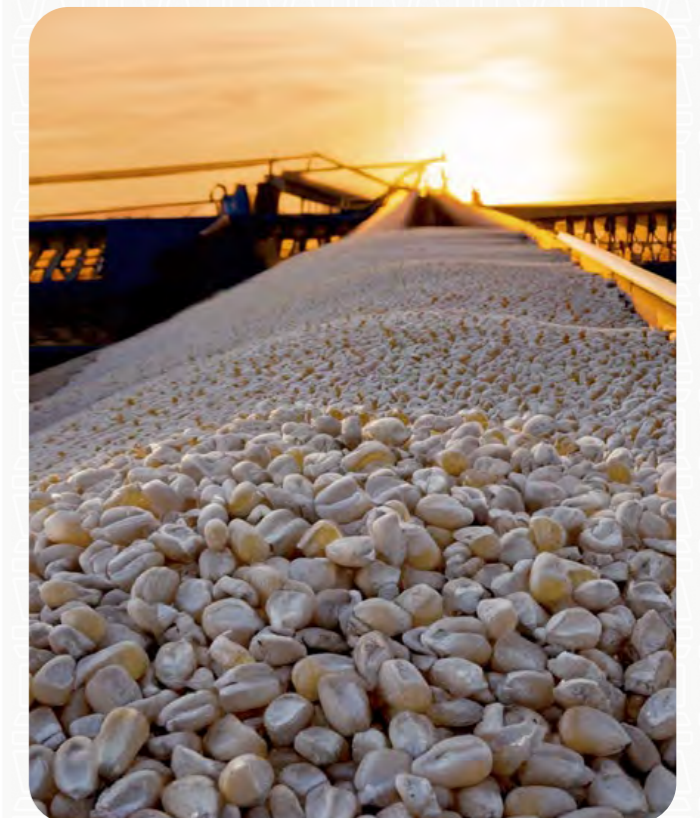
Navigation

Quick navigation tools



Informational navigation tools

- See what the Senwes Chairman, CEO and CFO have to say in an exclusive video found on our report page.
- View an image/cover page.
- Link to relevant external report information.
- Hover over relevant text to see if it is actionable. Content like page numbers, websites, emails and the table of contents, are interactive.



Overview



About our *Integrated Report*

The primary purpose of Senwes' integrated report is to demonstrate to the providers of financial capital and potential investors how Senwes creates sustainable value over the short, medium and long term.

In acknowledging the fact that sustained value creation does not happen in isolation, the group's approach to value creation is best illustrated through its integrative value-adding business model, strategies, risk assessments, opportunities, performance and governance practices. A balanced and accurate reflection of these material aspects forms the essence of Senwes' integrated report. The report also provides stakeholders with a balanced, accurate and transparent assessment of the group's ability to deliver on its brand promise.

Our approach to reporting

This report is prepared in accordance with the International Framework of the International Integrated Reporting Council (IIRC) and provides our stakeholders with a concise and transparent assessment of our ability to use our expertise to create sustainable value.

Reporting period

The Senwes integrated report is compiled and published annually and this report focuses on the activities and operations of the group for the period ended 30 April 2023.

Scope and boundary

This report extends beyond financial reporting and includes non-financial information attributable to, or associated with, our key stakeholders, who have a significant impact on or interest in the group's ability to create value.

Board responsibility statement

The Senwes board of directors acknowledges its responsibility of ensuring the integrity of this integrated report which, in the board's opinion, addresses all the issues that are material to the group's ability to create value and fairly presents the integrated performance of the Senwes Group.

The board has applied its collective mind to the preparation and presentation of this report and believes that it has been prepared in accordance with the IIRC Framework and under the supervision of senior management. It furthermore underwent a rigorous process using both internal and external assurances.

The report was approved by the board of directors of Senwes on 27 June 2023.

The process we follow to compile the Senwes integrated report

A cross-functional team, led by the Project Lead: Integrated Report under supervision of the Group Executive: Group Financial Reporting and the Group CFO, and representing various clusters and subject matter experts across the group, produces the content that appears in the integrated report. Group Exco and board members also contribute to the content. The board grants final approval of the report.

Combined assurance

The group's external auditor, Ernst & Young Inc. (EY), conducted an independent audit of the group's consolidated annual financial statements. Other sections of the report, consisting of non-financial information, have not been subjected

to an independent audit or review and have been compiled, based on internal records and information in the public domain under supervision of CR Klingenberg, CA (SA), Group Chief Financial Officer (CFO).

Defining key concepts

Integrated thinking

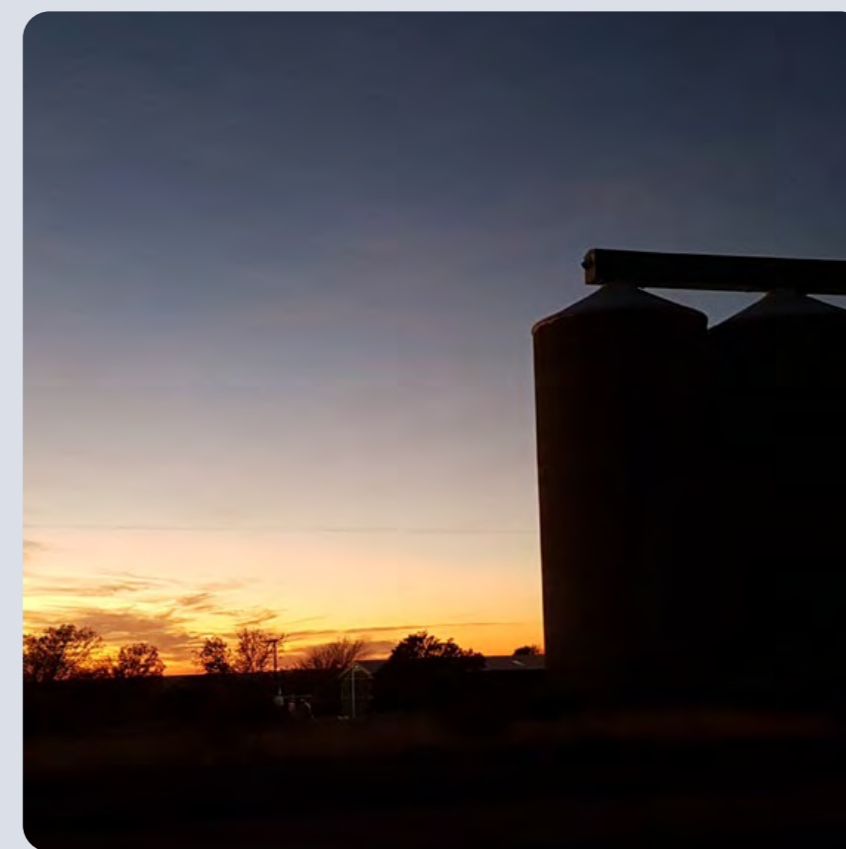
Integrated thinking is the process by which relationships between the various operating units and aspects such as the environment, social matters and sound governance, are actively considered in decision-making to add value over the short, medium and long term.

Value

Value is when the consequences of our successful resource application have a positive impact on a stakeholder.

Materiality

Materiality refers to the actions or issues of substantial importance that affect the group's strategy and therefore its ability to create value over the short, medium and long term and/or actions and decisions by the group that may affect its stakeholders, either positively or negatively.



Forward-looking statements

This report contains certain forward-looking statements with respect to Senwes' financial position, results, operations and businesses. These statements and forecasts involve risk and uncertainty as they relate to events and depend on circumstances that may or may not occur in the future.

The group does not undertake to update or revise any of these forward-looking statements publicly, whether to reflect new information, future events or otherwise. The forward-looking statements have not been audited, reviewed or reported on by EY.


Danie Minnaar
 Chairman


Francois Strydom
 Group Chief Executive Officer

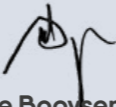

Venete Klein


Nico Liebenberg

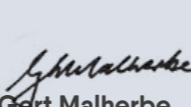

Kobus Marais


Pieter Stander


Hansie Viljoen


Steve Booysen
 Vice-Chairman


Carl Klingenberg
 Group Chief Financial Officer


Gert Malherbe


Jacob Minnaar


Thabo van Zyl


Andrew Waller

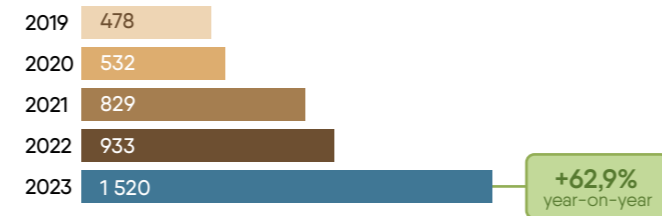
Group at a glance

Salient features

Revenue (R'm)



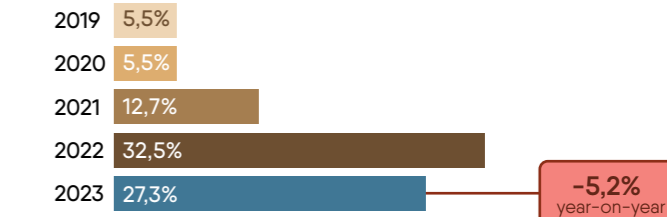
Earnings before interest and tax (EBIT) (R'm)



Dividend yield (%)



Total shareholders' return (dividends + share price growth) (%)



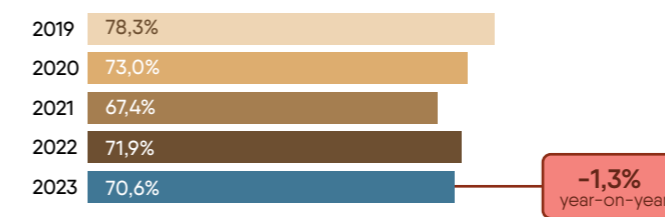
Profit after tax (R'm)



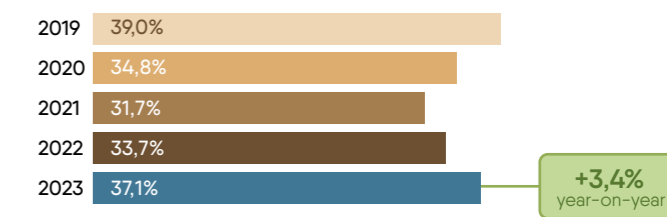
Normalised HEPS (c/share)



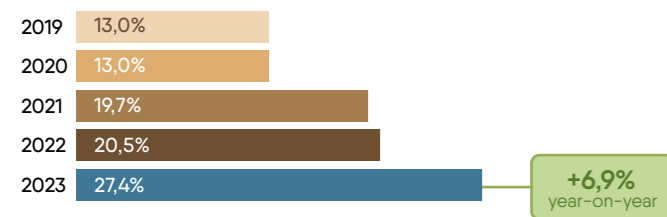
Price-book ratio (%)



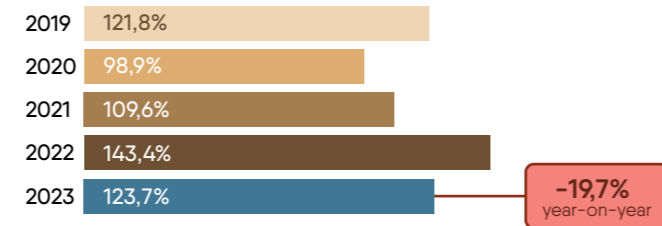
Own capital ratio (%)



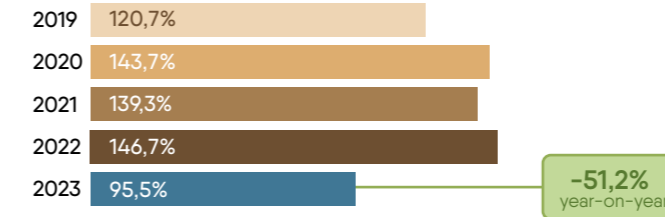
Return on opening equity (%)



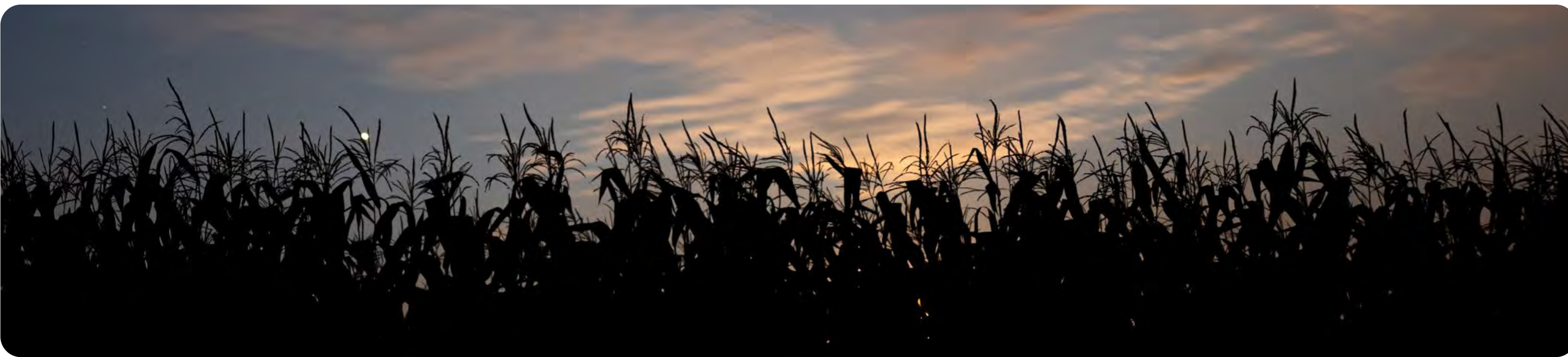
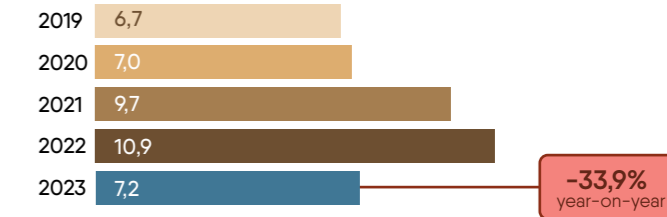
Cash from operations as percentage of operating profit (quality of earnings) (%)



Gearing ratio (%)



Interest cover (times)



Senwes brand

Reimagining agriculture since the dawn of the 20th century

At Senwes we are continuously reimagining our future to enable us to expertly assist our clients in reimagining theirs.



Our story

Over the course of 114 years, we have not only succeeded in reimagining the future of our group in unprecedented ways, but also that of the broader South African agricultural sector. Along this journey Senwes transcended its role as a mere catalyst of agricultural success to that of an enabler of sustainability and growth for the entire agricultural value chain.

Our company's history can be traced back to the fall of 1909, when 24 pioneering farmers came together to discuss the idea of a co-operative in the then Western Transvaal. Looking back, the establishment of De Centraal Westelijke Co-operatieve Landbouw Vereniging on 15 May 1909 was the spark that ignited our group's business philosophy of providing solutions to enable our customers to effectively conduct their business.



Mission statement

Senwes is one of the leading agricultural companies in South Africa. The group is solution-driven and focuses on providing integrated product and service solutions to agricultural producers, encompassing finance, insurance, wealth planning and advice, agricultural services, input supplies, agricultural machinery and equipment, grain storage and handling services integrated with logistics, as well as market access for producers' products. The group also provides solutions to grain off-takers and processors regarding their procurement needs. The group plays a key role in the value chain in providing a seamless channel from the farm gate to food processors.



Purpose statement

To provide innovative and integrated solutions for our customers to enable them to do their business.



Statement of commitment

Senwes is committed to creating value for all its stakeholders by conducting sustainable business through ethical conduct, protecting the environment and contributing to the socio-economic development of its employees and the communities in which it conducts business.



The brand promise

- To approach every interaction with a solution-driven mindset.
- To see clients' businesses from their perspective.
- To provide integrated solutions.



Senwes' responsibility

Senwes has the responsibility of making a meaningful contribution towards food security in South Africa through sustainable agriculture, by providing innovative and integrated solutions to food producers and the other roleplayers in the applicable stages of the food value chain.

Senwes' DNA

The corporate culture

Senwes wants to be the preferred investment partner, employer, supplier and distribution channel as well as a good corporate citizen. Senwes also strives to break new ground throughout the food value chain, where a strategic thought process has been adopted for attaining knowledge and being experts in what we do.

Living the group's values by:

- Doing the right things for the right reasons, acting with **integrity**.
- Satisfying our stakeholders' needs and solving their problems, applying **business orientation**.
- Maximising people's true potential and being in pursuit of the group's purpose, demonstrating **self-motivation**.
- Finding creative and resourceful solutions to business challenges and customer needs, exhibiting **innovation**.
- Building a strong allegiance with the group, whilst acting in the best interest of the group and its stakeholders, showcasing **loyalty**.
- Accepting responsibility by providing complete, transparent, truthful, accurate and timely information to all stakeholders, illustrating **accountability**.

Senwes' differentiators

Strong alliances with strategic partners

By forming strong alliances with strategic business partners, Senwes expands its geographic presence, product ranges and service offerings and unlocks new income streams.

Empowered and committed workforce

Senwes' employees are humble in success and remain determined in the face of adversity, constantly striving towards excellence, focused on the group's vision and committed to the group's corporate and ethical values.

Sustainable value for shareholders

Senwes creates value for shareholders by delivering a continuous return on equity, despite volatile economic and political conditions, as well as a fast-changing business landscape that requires agility at all levels.

Integrated and innovative solutions

Senwes is committed to the interests of clients and focuses on providing integrated and innovative, sustainable solutions, whilst strengthening long-term relationships.

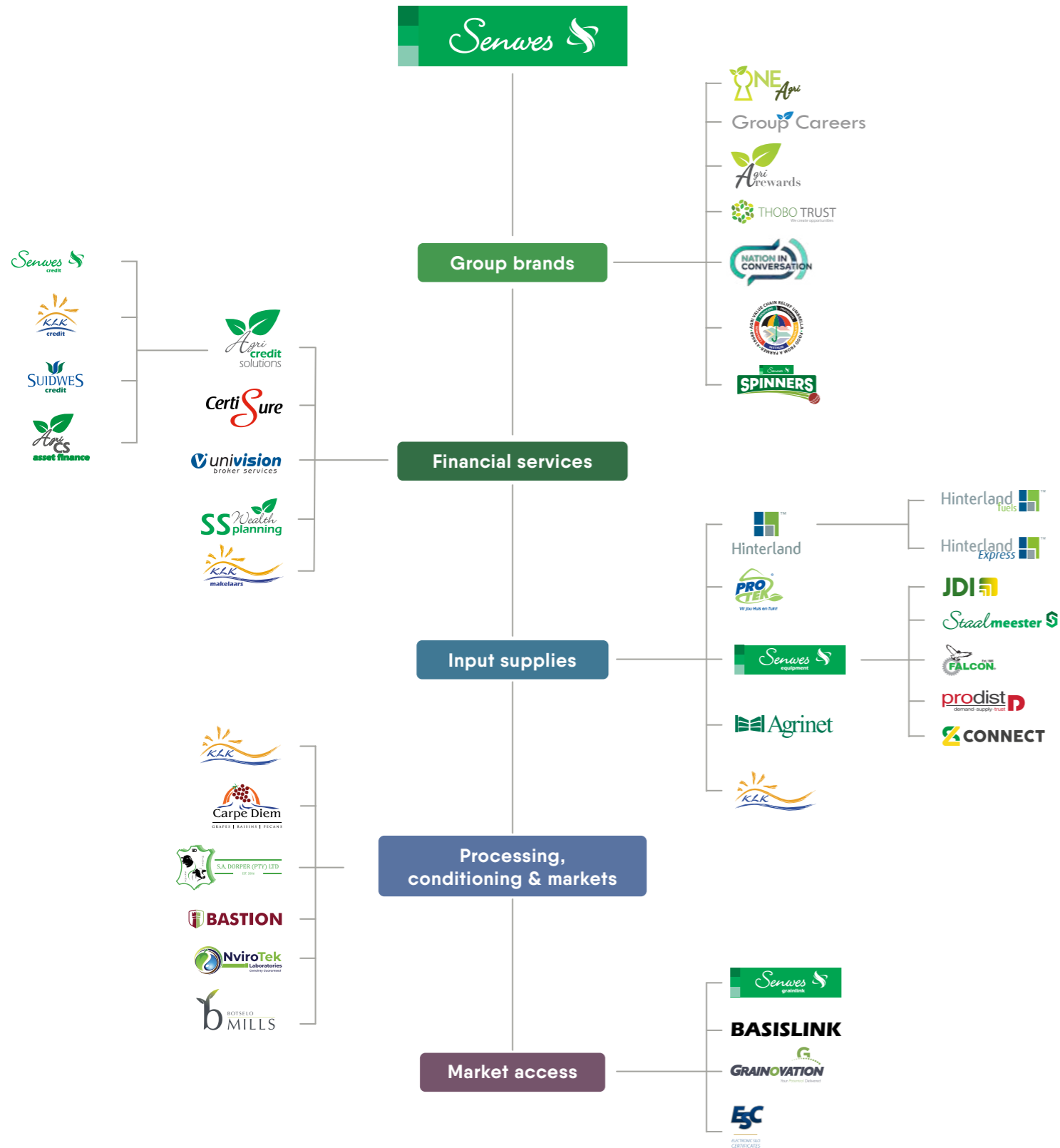
Championing adaptability and agility under pressure

Senwes' management can adapt rapidly to unforeseen circumstances, changing them into opportunities, whilst still implementing sufficient risk-mitigating actions.

Commitment to our communities

The group is committed to making a sustainable difference to the welfare of the communities in which it conducts business.

Senwes | Brand architecture



The business



Report by the

Chairman

Senwes Chairman
Danie Minnaar

The past decade, and especially the past five years, will stand out in Senwes' history books as some of the group's most successful years. During the past ten years the group exhibited unwavering commitment to strategy and constantly reimagined its future. Despite challenges, we went from strength to strength and reaped the rewards of strategic execution.

During the period under review the group's 2020 strategy (strategy of the past 13 years) reached its home stretch when the group took its first steps into Europe and delivered on the strategic objective of externalisation.

The successes of the group's 2020 strategy have brought it to where it is today: a new trajectory for the future, firmly in the position to look beyond today and chart tomorrow.

It is amid this process of strategic focus that it is once again a privilege for me to present this year's Chairman's Report.

Macro environment and agricultural production conditions

Prospects for robust global economic recovery remain dim as policymakers, businesses and households face multiple headwinds, including persistent inflationary pressure, rising interest rates, tighter financial conditions

and heightened uncertainties. The world economy is at risk for a prolonged period of low growth. Global trade will also remain under pressure due to geopolitical tensions, weakening global demand and tighter monetary and fiscal policies.

The consequences of the Russia-Ukraine war, continue to impact on input, energy and commodity prices, though to a lesser extent than in 2022. The South African government has been slow to take a clear stand on the Russia-Ukraine war, which could be damaging to the country's relations with other Western countries.

In addition to the impacts of the global economic challenges mentioned above, South Africa is also facing many local challenges. Business and consumer confidence are at historic lows, while unemployment, poverty and inequality are at unprecedented levels. In addition, the country is currently suffering continued loadshedding due to years of mismanagement by Eskom. The current economic conditions are putting pressure on South African consumers and businesses

alike. On the one hand, consumers' spending power will become increasingly constrained as high inflation and interest rates eat away at disposable incomes, and salary increases trail inflation. On the other hand, the cost to maintain operations for businesses has increased significantly.

With respect to expected agricultural production conditions for the next production season, it should be noted that the Climate Prediction Centre issued an El Niño watch in April 2023, while the International Research Institute for Climate and Society's latest forecast indicates a high probability for the development of a moderate to strong El Niño.

The exceptional agricultural production cycle, in addition to the lower input cost requirements of soybeans and its ability to thrive better in wetter conditions compared to maize, partially drove the significant increase in soybean production during the past few years. This has been good news for South Africa as the country is now self-sufficient with respect to soybeans. Moreover, given the uptick in soybean production, the Senwes Group has ensured that it is optimally geared to receive soybeans at most of its silos, despite the Eskom crisis. Should El Niño realise, leading to drier conditions in the central and western parts of the country, fewer soybean hectares could be planted in the upcoming production season.

Although there are good volumes on hand to harvest, commodity prices are lower following two years of strong increases. Elevated inflation expectations imply that interest rates are anticipated to remain higher for longer, and for farmers, mounting debt servicing costs mean profit margins will thin out. Additionally, the heightened probabilities of an El Niño weather pattern for the new summer crop season may prompt farmers to exercise more caution with respect to financial commitments.

Group results

Continued favourable agricultural conditions together with the focused execution of our strategy, efficiency programmes and focused capital allocation, propelled

the Senwes Group's delivery of yet another set of excellent results for the year ended 30 April 2023. The year under review brought exciting growth in Senwes' local portfolio, but also saw the group taking its first steps into international territory with the acquisition of three adjacent John Deere agencies in East Germany (S&L Connect), which were included in the group results from 1 July 2022. The group's normalised headline earnings increased by 39,6% to R962 million, compared to R689 million in the previous year.

The group's own capital ratio improved to 37,1% at year-end (2022: 33,7%), which is at the lower end of the group's capital maintenance guidelines of between 35% and 45%, largely attributable to high inventory levels at year-end and the investment in Germany. The board's target remains to continue improving the own capital ratio to between 40% and 50% in the long term, especially given the fact that the availability of capital will decrease.

Value creation for shareholders

Senwes maintains a good dividend yield, averaging 7,9% over the last five years. An interim dividend of 36 cents per share (2022: 34 cents) was paid during the year, while a final dividend of 40 cents per share was declared (2022: 34 cents), in addition to a special dividend of 56 cents per share (2022: 56 cents). The net asset value (NAV) increased by 20,0% to R23,37 per share (2022: R19,48 per share). At year-end Senwes' shares traded at R16,50 which translates into a significant discount of 29,4% to NAV.

On our way to 2033

Given the success of the 2020 strategy, the group commenced with a review of its rolling 10-year strategy once again, from which the group's dream for 2033 was born: to enable our clients to maintain, grow and enhance all aspects of their diversified businesses in such a manner as to ensure that the group, as a result thereof, will also prosper. We look forward to the opportunities that await Senwes on its journey to 2033.

“ I am confident in the ability of Senwes to continue adapting to the challenges, as it has successfully done over its 114 years of rich history. ”

Prospects

Amid celebrating the success of the past financial year, it is important to emphasise that the group's results for the next financial year will likely not be at the same levels.

The group anticipates good volumes through the market access and input channels as well as satisfactory results from the financial services channel. The German operations will continue to make a positive contribution to results while processing, conditioning and markets should benefit from higher volumes and selling prices.

Challenges will persist going forward. Continued mismanagement of state-owned enterprises (SOEs) such as Eskom, the inferior quality of government service delivery and infrastructure decline in South Africa will continue to damage the business environment in the country. In addition, the looming incidence of an El Niño developing, is a concern and will be monitored.

Continued loadshedding will see Senwes roll out its group-wide energy plan, resulting in significant capital expenditure across the portfolio over the next five years to build and grow the group's energy base, to derisk the South African footprint from the fragile national electricity grid.

The group's acquisitions since 2018, including Staalmeester, Falcon, KLK Landbou, the Suidwes Group, Hinterland Group, Certisure Group, as well as the most recent entry into Germany (S&L Connect), are all successful ventures, and have contributed toward making the group a more sustainable business. Senwes will continue to re-evaluate its funding model in terms of the appropriate allocation of capital with optimal balance sheet management to ensure business growth and sustainability.

The resilience and sustainability of a business lie not only in its ability to navigate adverse conditions, but also in its ability to adapt. I am confident in the ability of

Senwes to continue adapting to the challenges, as it has successfully done over its 114 years of rich history.

Acknowledgements

We bid farewell to one of our directors, Dries Kruger, who retired during the year. I want to extend my sincerest gratitude to him for his years of service on the Senwes board and as Chairman of the Agribel board, as well as for his commitment to always act in the best interest of the group.

Corné Kruger resigned as Chief Financial Officer (CFO) during the year under review and I would like to thank him for his service in this role. We welcomed Carl Klingenberg as the new CFO on 1 February 2023. Debbie Bester was interim CFO between August 2022 and January 2023 and I would also like to acknowledge her for the stellar fashion in which she executed this role.

I want to thank my fellow board members for their guidance and the unrestrained contributions of their time and advice. To Francois Strydom and his executive management teams across the group, thank you for your efforts and continued focus during the past year. I also applaud each one of our employees who continued to champion service excellence during the past financial year.

I wish to end my report by thanking our Heavenly Father, who holds His hand over Senwes and its stakeholders every day. May we live each day according to His will.



JFM Minnaar
Chairman
27 June 2023
Klerksdorp



Value-creating Business model

Material risks impacting on the availability of capitals

Strategic focus areas

The availability and quality of the Senwes Group's six capitals...

enable the group to navigate its external environment as well as material risks, and deliver on its strategy...



Financial capital

The pool of available funds Senwes uses to achieve its strategy. It includes debt, equity and cash generated by business units, as well as investments.



Intellectual capital

The group's investment in the right skills in the right position, supported by effective management systems and company culture to ensure the success of Senwes' business model, the achievement of strategy as well as the delivery of innovative and integrated solutions to customers.



Human capital

Employees are key stakeholders of Senwes and continue to be the group's primary competitive advantage. The group's workforce is hardworking and committed to the long-term sustainability and success of the group.



Manufactured (infrastructure) capital

The property, plant and equipment Senwes uses to deliver its services and products and services.



Social and relationship capital

Senwes strives to be a responsible and accountable corporate citizen, taking into account its stakeholders, the environment and the community.



Natural capital

The land, water and energy Senwes uses to generate income.

- 1 Political and economic climate risk (including loadshedding) 2 Weather and climate risk
- 3 Credit, liquidity and market risk 4 Theft and fraud risk 5 Market size and market share risk
- 6 Commodity price risk 7 Information technology – systems and cyber risk
- 8 Urbanisation, scarcity and retention of skills 9 Transition and customer risk
- 10 Unique competitor risk 11 Environmental and health and safety risk
- 12 Diversification and agricultural industry risk 13 Regulation and compliance risk

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- 1 Political and economic climate risk (including loadshedding) 2 Weather and climate risk
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Diversification, horizontal integration and consolidation

Increased investment in efficiencies within the value chain

Internal integration of the customer

Harvesting of value synergies and reorganisation of business models

Externalisation

Value-creating Business model (continued)

by enabling business activities ...

that ensures the provision of innovative and integrated solutions ...



Click on a page number to navigate to that page.

Value-creating Business model (continued)

↑ Value creation
→ Value preservation
↓ Value erosion

Suppliers of goods and services Clients and customers Employees and directors Shareholders, investors and financiers Business partners Government and regulators Communities

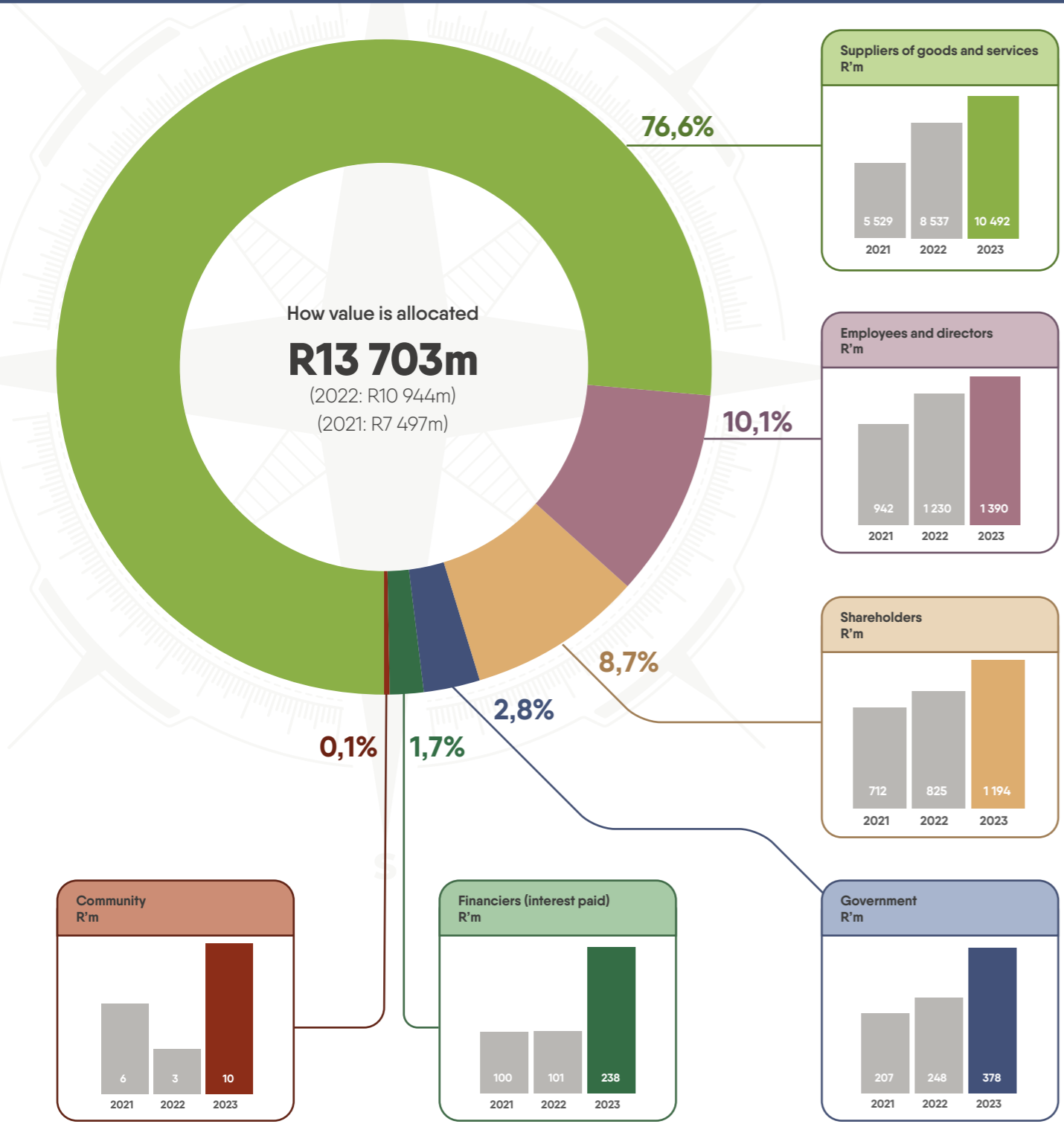
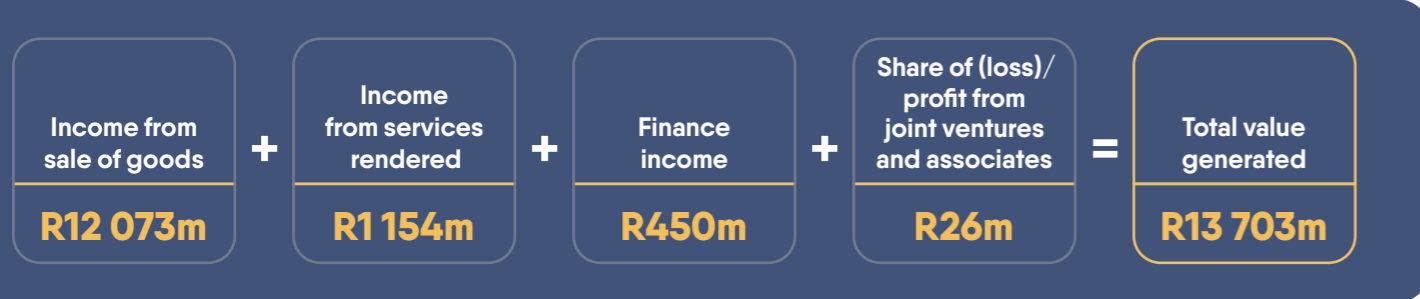
and outcomes ...

that ensure long-term value for all of the group's stakeholders.

| Category | Suppliers of goods and services | Clients and customers | Employees and directors | Shareholders, investors and financiers | Business partners | Government and regulators | Communities |
|---|---------------------------------|-----------------------|-------------------------|--|-------------------|---------------------------|-------------|
| Financial capital ↑ Cash generated from operations increased by 41,9% to R1 848 million. ↑ Financing costs amounted to R238 million, with interest cover at 7,4 times. ↑ The own capital ratio improved by 3,4% to 37,1%. ↑ Return on opening equity increased by 6,9% to 27,4%. ↑ Dividends paid increased by 32,6%. ↑ The group maintains a focused capital allocation strategy to ensure optimal balance sheet utilisation and returns on capital allocated across the group. | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| Intellectual capital ↓ Training expenses amounted to R18,4 million (2022: R20,0 million). ↑ Graduate programme that placed 15 graduates across the group. ↑ Through the Senwes Academy, 115 employees completed formal learning programmes and qualifications. ↑ Internal bursary scheme to enable employees to further their studies. ↑ Launched the online learning platform, Stride in February 2023. ↑ Digital Transformation division executing the group's digital strategy. ↑ IT division, unique business applications and investment core technology infrastructure. | ↑ | ↑ | ↑ | → | ↑ | → | ↑ |
| Human capital ↑ A workforce of 5 079 employees (2022: 4 986). ↑ Salary and benefits paid: R1 390 million (2022: 1 230 million). ↓ Employee turnover for 2023 increased to 18,7% (2022: 17,1%). ↑ A group-wide culture survey was conducted during the year to enable the eventual alignment of the organisation's culture, values and goals with that of its employees. | ↑ | → | ↑ | → | ↑ | → | ↑ |
| Manufactured (infrastructure) capital ↑ New investment in property, plant and equipment increased by 7,9%. ↑ Maintenance costs increased by 7,6% to R127 million (2022: R108 million). ↑ Depreciation increased by 19,1% to R187 million (2022: R157 million). ↑ The standby generator portfolio was expanded and optimised during the year, in addition to the group launching its energy plan to derisk its operations from the fragile national electricity grid. | ↑ | ↑ | → | ↑ | ↑ | → | ↑ |
| *Social and relationship capital ↑ Payments to suppliers of goods and services increased by 22,9%. ↑ Total payments to government and regulators increased by 52,9%. ↑ Corporate Social Investment (CSI) and community spending amounted to R10,2 million. ↑ Agri Credit Solutions' financing to emerging farmers increased by 20,6% to R29,8 million (2022: R24,7 million). ↑ AgriRewards loyalty scheme allocation increased by 40,5% to R229 million (2022: R163 million). ↑ AgriRewards+ was launched. AgriRewards+ is a community-based programme in terms which AgriRewards members can contribute to their communities through certain business conducted with the Senwes. | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |
| *Natural capital → Electricity consumption at silos (the group's biggest electricity consumer) was largely in line with the prior year at 28,9 GWh. ↓ Diesel expenses due to loadshedding increased 376,4% to R26,2 million (2022: R 5,5 million). ↑ The solar PV installations at Senwes' Head Office and Hennenman silo resulted in a combined saving in electricity of 8,3 GWh, equivalent to 7 961 tonnes of CO2 saved. ↑ Focus to reduce the group's carbon footprint, by ensuring that high energy consumption systems are phased out through a combination of design, maintenance and replacement strategies. ↑ Significant capital expenditure on alternative energy solutions is expected over the next five years, in line with the group-wide energy plan. | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ | ↑ |

*More detail about the group's societal and environmental impacts can be found in the group's web-based Sustainability Report at www.senwes.com.

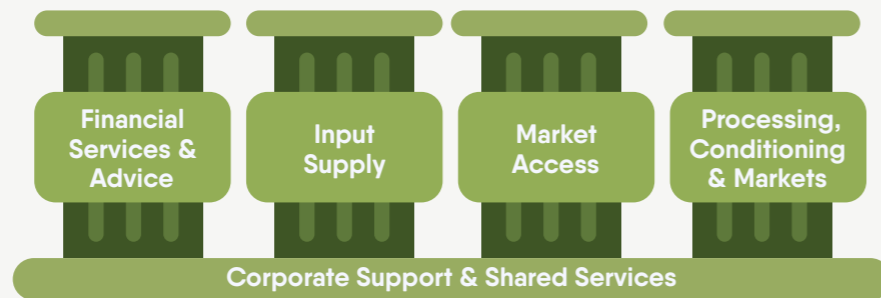
Value for Stakeholders



Business overview and geographic reach

Business overview

The Senwes Group's operations can broadly be divided into four pillars supported by corporate and shared services, as illustrated in the diagram on the right:



Financial Services & Advice

The financial services channel specialises in financing solutions to clients as well as insurance, credit life insurance and wealth and financial planning services and advice.

Insurance, wealth and financial planning services and advice



Certisure Group [Subsidiary of Senwes]

The Certisure Group is an insurance group that specialises in financial planning, asset, crop, credit life, corporate and life insurance, as well as funeral cover and medical aid schemes. Certisure renders broker and administrative services as well as financial planning solutions, which cater for and address the risk requirements of clients.



KLK Makelaars [Division of KLK Landbou]

KLK Makelaars has a strategic partnership with Certisure which enables them to continue to operate as juristic representative of Certisure. The partnership enables them to continue operating under their existing brand.



SS Wealth Planning [Partnership between Senwes and S-Bro Financial Services]

SS-Wealth Planning is an authorised financial services provider which facilitates wealth creation by means of wealth planning, advice and estate planning to ensure long-term financial peace of mind for clients.



Senwes insurance cell captive [Division of Senwes with Guardrisk as the cell provider]

A cell insurance company for credit life insurance within Guardrisk Life and focuses on underwriting risks within the credit life insurance domain.



Financing

Agri Credit Solutions [Subsidiary of Senwes]

Agri Credit Solutions is a registered credit provider which offers financial products to producers through the Senwes Credit, Suidwes Credit and KLK Credit brands. Agri Credit Solutions serves as the financing link and key enabler between agricultural producers and Senwes' other operations, including joint ventures and subsidiaries.



Agri CS Asset Finance [Division of Agri Credit Solutions with WesBank as partner]

The Agri CS Asset Finance brand offers financial services, focused on financing movable assets.

Input Supply

The input supply channel specialises in wholesale distribution, supplying input products and agricultural equipment to a variety of farming practices and agricultural services.

Wholesale distribution



Agrinet [Subsidiary of Senwes]

Agrinet is a wholesaler and distributor of a wide selection of industrial products, general merchandise and irrigation ranges to retail and trade markets in South Africa and neighbouring countries.

Home and garden pest control and plant nutrition



Protek [Subsidiary of Senwes with the Botha family as shareholder]

Protek offers solutions for home and garden pest control and plant nutrition. Its products are distributed to all leading hardware stores, nurseries, chain stores, agricultural companies and independent retailers across South Africa.

Bulk input supply, retail and fuel



Hinterland Holdings [Subsidiary of Senwes]

Hinterland, which encapsulates both the Senwes Village and Suidwes retail branches, specialises in supplying input products for a variety of farming practices through its retail and fuel outlets. The group also offers a wide range of hardware and convenience products to the general public.



KLK Retail and Fuel [Division of KLK Landbou]

The KLK Landbou Group, through its retail branches and Build-It stores, aims to distribute and sell agricultural input supplies as well as various convenience products to the general public.

Agricultural services



Senwes Agricultural Services [Division of Agri Credit Solutions]

Senwes Agricultural Services specialises in agricultural economic services, performance and technical efficiency analyses and benchmarking.

Equipment manufacturing and distribution



S&L Connect [Foreign (German) subsidiary of Senwes]

During the year under review the group acquired three adjacent John Deere agencies in East Germany (S&L Connect with SFL Holdings as the German holding company). S&L Connect is an agricultural equipment and services business offering agri-mechanisation equipment and implements, as well as maintenance solutions to agricultural producers in the Brandenburg and Saxony areas in East Germany.



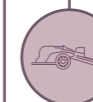
Senwes Equipment [Subsidiary of Senwes]

Senwes Equipment is an agricultural equipment and services business, which offers agri-mechanisation, construction, forestry and mining products and implements, maintenance, precision farming and equipment rental solutions to producers and customers alike. Senwes Equipment is a John Deere agent.



JD Implemente (JDI) [Subsidiary of Senwes with the Tomlinson family as shareholder]

JDI is a John Deere agent and broadens Senwes Equipment's geographical footprint by providing agri-equipment and maintenance solutions in the Western and Eastern Cape.



Falcon [Subsidiary of Senwes]

The Falcon Group, through its Staalmeester and Falcon brands, expands Senwes Equipment's product offering and competitive edge in the agri-sector. Staalmeester manufactures and imports agricultural equipment for small and medium-sized producers, while Falcon manufactures and distributes tractor-drawn implements and parts to the South African and sub-Saharan agricultural and turf markets. Falcon is the sole importer of Amazone agricultural machinery in Southern Africa.



Prodlist Mechanisation [Division of Agrinet]

Prodlist Mechanisation specialises in sourcing, importing and distributing quality aftermarket agricultural spare parts.

Market Access

The market access channel specialises in the procurement, handling and storage of grain and oilseeds as well as grain stock sales and logistics solutions.

Processing, Conditioning and Markets

This unit plays a significant role in getting various products market ready and providing access for products to these markets.

Senwes Grainlink [Division of Senwes]

Senwes Grainlink comprises of two main divisions: Silo Industry and Market Access. The Silo Industry division specialises in the handling and storage of grain and oilseeds and is positioned between grain producers and off-takers. The Market Access division focuses on high probability trading, grain procurement, grain stock decision-making, grain stock offers via Basislink, delivery and solution design.

Grainovation [Subsidiary of Senwes]

Grainovation is an asset-light logistics broker, focused on optimising logistics across the Senwes Group.

Electronic Silo Certificates (ESC) [Joint venture (JV) with AFGR]

ESC provides a safe and effective way of managing electronic silo certificates via the internet or smartphones.

Skins and hides

SA Dorper [Subsidiary of KLK Landbou]

SA Dorper handles the processing and exporting of Dorper skins and cattle hides.

Agricultural lime

Bastion Lime [Joint venture with NWK]

The Bastion Group specialises in the production and marketing of high-quality lime and gypsum products for agricultural and industrial purposes.

Raisins

Carpe Diem Raisins [Subsidiary of KLK Landbou]

Carpe Diem Raisins is an established brand name in the international raisin market. Carpe Diem Raisins buys, processes and packages organic and conventional raisins produced along the Orange River and markets it largely to the international market.

Mills

Botselo Mills [Senwes as a minority shareholder]

Botselo Mills is a family operated maize milling operation located in Delareyville in the Northwest province. Botselo Mills produces a comprehensive range of quality white and yellow maize products. The mill also has its own beer plant, which produces its own specialised beer powder.

Africum Mills [Subsidiary of Senwes]

Africum Mills is located in Wolmaransstad in the Northwest province and is linked to the group's Wolmaransstad silo. The mill can produce various maize products. Africum Mills has been mothballed and is not currently operational. It is also held for sale.

Laboratory services

NviroTek [Subsidiary of Senwes with the founders as shareholders]

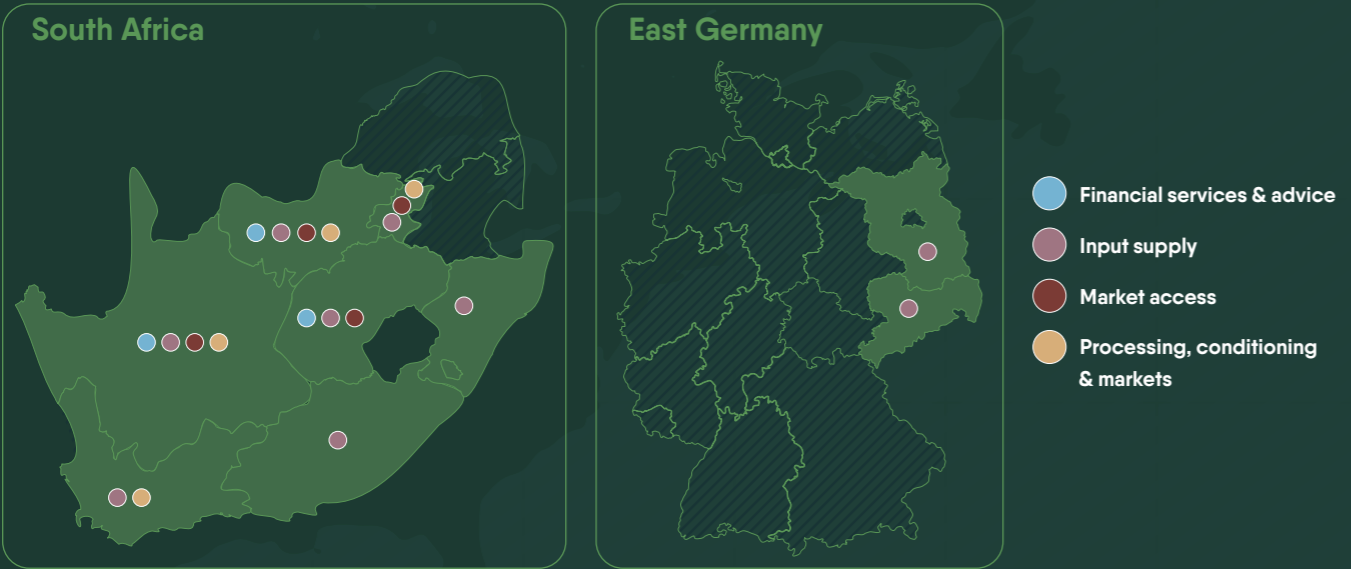
NviroTek Laboratory Group is one of the largest independent agricultural laboratories in Southern Africa. The group performs a multitude of laboratory tests to assist with decision-making across various sectors from its laboratories in Hartebeespoort and Wellington.

Feedlot and abattoirs

KLK Feedlot and Abattoirs [Division of KLK Landbou]

The KLK sheep feedlot prepares animals for the market. KLK's abattoir sites handle the slaughtering of sheep and cattle and the selling of carcasses in the Northern Cape.

Geographic reach



South Africa

| | Free State | Northwest | Gauteng | KwaZulu-Natal | Eastern Cape | Western Cape | Northern Cape | Total |
|---|------------|-----------|-----------|---------------|--------------|--------------|---------------|------------|
| Financial Services & Advice | | | | | | | | 24 |
| Agri Credit Solutions | 1 | 1 | | | | | 1 | 3 |
| Certisure | 9 | 6 | | | | | 1 | 16 |
| SS Wealth Planning | | 1 | | | | | | 1 |
| Senwes Cell Captive | | 1 | | | | | | 1 |
| KLK Credit | | | | | | | 1 | 1 |
| KLK Makelaars | | | | | | | 2 | 2 |
| Input Supply | | | | | | | | 138 |
| Senwes Equipment | 23 | 17 | 2 | | 6 | | 2 | 50 |
| Hinterland Holdings | 18 | 19 | 2 | | | | 1 | 39 |
| Prodist | 1 | | | | | | | 1 |
| Agrinet | | | 1 | | | 1 | | 2 |
| Protek | | | 1 | | | | | 1 |
| Falcon Group | | 1 | | 1 | | | | 2 |
| JDI | | | | | 3 | 2 | | 5 |
| KLK | | | | | 3 | 2 | 37 | 37 |
| Market Access | | | | | | | | 102 |
| Senwes Grainlink | 51 | 22 | 4 | | | | 3 | 80 |
| Grain procurement offices | 13 | 6 | | | | | 1 | 20 |
| Grainovation | | 1 | | | | | | 1 |
| ESC | | | 1 | | | | | 1 |
| Processing, Conditioning & Markets | | | | | | | | 14 |
| Bastion | | 3 | | | | | | 3 |
| NviroTek | | 1 | | | | 1 | | 2 |
| Mills | | 2 | | | | | | 2 |
| KLK | | | 1 | | | | 6 | 7 |
| Total | 116 | 81 | 12 | 1 | 9 | 4 | 55 | 278 |

East Germany

| | Brandenburg | Saxony | Total |
|---------------------|-------------|--------|------------|
| Input Supply | | | 9 |
| S&L Connect | 4 | 5 | 9 |
| Grand Total | | | 287 |



Strategic and operating context





Report by the Chief Executive Officer

Group CEO
Francois Strydom

The relevance of yesterday is that it brought us to where we are today. Tomorrow is where we need to lead our business, which will require a combination of selected aspects from today, but also charting tomorrow.

In late 2010 we decided to embark on a strategic journey of researching, analysing and reimagining our group's strategic future. That process led to our rolling 10-year strategy, main strategic themes and drivers, as well as the high-level metrics to guide the financing and financial modelling of the formulated outcomes. The purpose of our strategy was to provide sustainable solutions to our client groups on both sides of our value chain (grain producers and off-takers) to enable their business growth.

The five main themes that underpinned our purpose included:

1. Diversification, horizontal integration and consolidation of our specific sector.
2. Customer relationships, retention and share of wallet.
3. Business model reorganisation and synergy harvesting.
4. Reinvesting in our core competencies and efficiencies.
5. Externalisation to achieve derisking and diversify our income streams.

The **strategy of yesterday** brought us to the **success of today**. Our challenge now is to recharter the business of today to futureproof it for tomorrow.

If you aim for nothing, you are sure to hit nothing, and therefore setting direct and defined targets has always helped us to focus and achieve strategic success. Our current portfolio was scoped in 2010, to produce R1 billion profit from normal operating activities by 2020. During the period under review, we delivered R1,5 billion. Our dream for 2033 is R3,4 billion.

To chart tomorrow and realise the group's dream for 2033, the following themes will require focused strategic attention:

1. **Optimisation and cost-efficiency:** optimisation of the group's current business portfolio and focus on cost management.
2. **Ensuring that the right people are in the right seats:** develop the group's staff and commercialise their business sense and ownership mentality, while pursuing excellent performance.

3. **Transform our business:** both internally and at customer interface level, to an integrated, digitised, one-touch experience.
4. **Local consolidation and generic growth:** add more geographic and commodity diversity to our

South African portfolio to increase volume and improve sustainability.

5. **International (Europe) growth:** consolidate, build and grow our European business base to derisk and diversify our South African portfolio.

Group performance

The 2022/23 financial year follows on the group's results of the past five years in growing and stabilising its portfolio after ten years of reinvesting into it. The group's performance and return ratios over the past five years are highlighted in the tables below.

Income statement

| | 2019 R'm | 2020 R'm | 2021 R'm | 2022 R'm | 2023 R'm |
|------------------------------|-------------|-------------|-------------|-------------|-------------|
| Revenue | 2 687 | 4 803 | 7 463 | 10 881 | 13 632 |
| Operating profit | 472 | 551 | 815 | 908 | 1 494 |
| Profit after tax | 283 | 337 | 573 | 668 | 1 007 |
| Normalised headline earnings | 295 | 245 | 420 | 689 | 962 |

Share performance

| | 2019 c/share | 2020 c/share | 2021 c/share | 2022 c/share | 2023 c/share |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Earnings | 169,1 | 178,3 | 294,4 | 347,6 | 525,8 |
| Normalised headline earnings | 177,5 | 144,2 | 244,4 | 398,2 | 558,1 |
| Net asset value | 1 404,7 | 1 506,1 | 1 707,3 | 1 947,7 | 2 337,4 |
| Closing market price | 1 100 | 1 100 | 1 150 | 1 400 | 1 650 |
| Total dividends | 60 | 60 | 90 | 124 | 132 |

Shareholders' return ratios

| | 2019 % | 2020 % | 2021 % | 2022 % | 2023 % |
|----------------------------|-----------|-----------|-----------|-----------|-----------|
| Return on opening equity | 13,0 | 13,0 | 19,7 | 20,5 | 27,4 |
| Dividend yield | 5,5 | 5,5 | 8,2 | 10,8 | 9,4 |
| Total shareholders' return | 5,5 | 5,5 | 12,7 | 32,5 | 27,3 |

Productivity and efficiency ratios

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-------|-------|-------|-------|-------|
| Revenue/equity (times) | 1,1 | 1,7 | 2,3 | 2,9 | 3,0 |
| Return on total assets (%) | 7,9 | 6,4 | 7,9 | 8,4 | 12,2 |
| Return on tangible invested capital (%) | 9,2 | 10,2 | 11,8 | 12,0 | 16,8 |
| Return on capital employed (ROCE) (%) | 8,9 | 8,4 | 10,6 | 10,6 | 15,8 |
| Number of employees | 1 624 | 3 427 | 5 098 | 4 986 | 5 079 |
| Operating profit per employee (R'000) | 290,6 | 160,8 | 159,9 | 182,1 | 294,2 |
| Capex reinvested into our business | 210 | 268 | 188 | 227 | 245 |

Value creation for stakeholders

| | 2019 R'm | 2020 R'm | 2021 R'm | 2022 R'm | 2023 R'm |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Total dividends paid to shareholders | 99 | 112 | 122 | 178 | 236 |
| AgriRewards awarded to customers* | 104 | 99 | 139 | 163 | 229 |
| CSI to communities | 3 | 3 | 6 | 3 | 10 |
| Training and development of staff | 9 | 10 | 15 | 20 | 18 |

* Value shown before AgriRewards conversions for comparative purposes.

Investment into existing holdings and new ventures

The 2022/23 year brought exciting growth in our current portfolio, but we also took our first steps into Europe.

The Grainlink business performed very well and remains the core of our model. Increased volume flows and cost control were at the core of margin management. Client satisfaction drives our achievements in this business unit. The management team of Grainlink deserves special mention.

The input channel performed well. Hinterland, Senwes Equipment and its subdivisions, JDI, Falcon and Staalmeester, contributed to a high level of performance and are led by very good teams.

Bastion, Protek and Nvirotek continued to deliver satisfying results and are led by very strong management teams with carefully considered strategies. Agrinet was profitable as always but is in the process of rethinking their business processes.

The Protek portfolio also continued to perform well and we decided to increase our current shareholding from 51% to 60%. New product ranges were developed and Protek's market share continues to increase. An additional R17,3 million was invested.

Our financing and insurance cluster, Agri Credit Solutions and Certisure, performed well and remain very important business originators and integration units within our business model. As with our other business units, these units have high quality leadership teams.

All the support and corporate business units performed very well and continued to bring specialised knowledge and efficient control measures to our growing operations that are diverse and unique in their own business

environments. These teams are extremely dedicated and add value to our group.

The staff complement of the Senwes Group is at the core of our business execution and will remain to be our main business differentiator.

The KLK business portfolio was further restructured through the exit of the livestock businesses and motor vehicle agencies. We invested deeper into the Carpe Diem Raisins business by increasing KLK Landbou's shareholding to 80% in the 2020/21 financial year, with the remaining 20% to follow. Further changes to the KLK portfolio are anticipated in the coming years. KLK continues to deliver exciting returns and will continue to be managed as a growth investment with no dividend flow, but further investments into new opportunities. Stephen van Huyssteen retired at the end of June 2023 and our respect and gratitude for excellent service accompany him.

The European investment was part our 2010 strategy (externalisation) and followed on the back of the Senwes Group's performance and standing with John Deere International.

The rationale and strategic reasoning behind the European investment were to:

- Derisk the South African portfolio;
- Derisk the Northern/Southern hemisphere portfolio;
- Derisk the annual cashflow profile;
- Derisk the commodity exposure of our current portfolio (include more energy exposure);
- Diversify and derisk shareholders' income streams;
- Gain exposure to both a soft and hard currency profile; and
- Move into unfamiliar territory with something we are good at (equipment solutions), and someone we are accustomed to (John Deere).

The European investment saw the group acquiring three adjacent John Deere agencies in East Germany in the area between Leipzig, Dresden and Berlin. The arable land in the area totals approximately 630 000 ha, where these agencies sell approximately 150 tractors, 15 combines, 15 balers and six forage harvesters per annum.

The financing of the consolidated German business is done by a European bank (UniCredit) and John Deere Financial. The business unit is fully independent, self-financed and managed by a highly competent German executive team together with one of our senior South African team members, who relocated to Germany with her family after she was appointed as Financial Director - Europe. The operating company, S&L Connect, has a governance structure in Germany, SFL Holdings, as required by tax authorities, and is fully compliant with regulatory requirements.

The financial results of the German operations for the period under review were included for the ten-month period from 1 July 2022. The German operations realised a profit of €2,1 million (R36 million), which is in line with our expectations and required returns. We are in the process of acquiring an additional agency in Germany that will increase our European turnover by approximately 50%. Further opportunities will be researched as we grow familiar with the area and our capacity to fund our own growth. Our goal is to diversify our current risk profile by between 25% and 35% revenue from offshore investments.

The elements in our sector that we believe to be shaping tomorrow

- Energy supply worldwide has become a game changer and more so in South Africa.
- Consumers' preferences are rapidly shying away from animal-based nutrition to more plant-based dietary preferences – sustainability is the focus.
- Regenerative production methods that have a much lower chemical nitrogen application level are now the norm – climate change is a reality.
- Community-based societies and businesses are inter-dependent. We conduct most of our business in rural communities and the rejuvenation of these politically destroyed infrastructure areas is a major concern.
- Worldwide, all sectors have experienced increased staff turnover percentages. Coaching, mentoring, engagement and transparency are the elements that will drive and sustain our group's performance.
- Leadership development, career path opportunities and succession planning will build sustainable businesses.
- Innovation, technology and digital transformation will support our client and relationship-based business models.



“ The relevance of yesterday's strategy is that it brought us to the success of today, but tomorrow is where we need to lead our business. Therefore, our business challenge now, is charting tomorrow. ”

Outlook and closing remarks

Satisfactory results were delivered during the year under review, in addition to the group experiencing exceptional volume flows.

The results for the next year are not expected to be at the same high level as observed in the period under review. Given the substantial expansion of the group over the past few years, a consolidation phase will be experienced during the next financial year.

The group will face more challenges going forward. Continuous cost inflation and high interest rates will impact the profitability of our client base and the spending power of consumers. Heightened protection in selected export markets (for example the citrus market) and challenges regarding animal biosecurity are also foreseen, while geopolitical tensions will remain high.

Persistent loadshedding and national infrastructure decline, coupled with the continuously decaying state of government and especially local municipalities' service delivery, as well as the blatant criminality in South Africa, are major concerns for all businesses. The loss of top talent, lower investment rates and loss of confidence have, and will continue to damage our business. The cost of maintaining our business under these circumstances is growing exponentially, while margin pressure continues to rise. The institutionalised corruption of our governing party is suffocating our beloved country, it is the legacy they will be remembered by.

The upside is that we have good grain and oilseed volumes on hand to harvest and lower input costs for

farmers compared to the previous year, which will positively impact our market access channel. We expect continued fair sales volumes through our input channel, although the looming incidence of an El Niño weather pattern is of concern. The financial services channel is expected to deliver satisfactory results, since this channel is focused on optimal capital allocation with the primary aim of financing our own turnover. The German operations will contribute positively to results and will benefit from added sales volumes should we be successful in acquiring an additional agency. Our aim is to implement this acquisition by the end of the first quarter of the new financial year. Processing conditioning and markets should benefit from higher volumes and selling prices over the next 12 months.

I would like to acknowledge all our stakeholders – the Senwes board, our clients, our staff, suppliers, advisors, input partners and joint venture partners. You are all part of our story. South Africa is a unique country with mostly high-quality people.

I would also like to make special mention of our German team and authorities as well as our dealmaking team and advisors – we are indeed on an exciting journey!

May the Lord bless and uphold us all.



Francis Strydom

Group Chief Executive Officer

27 June 2023

Klerksdorp



Group Strategy

Our dream

To enable our clients to maintain, grow and enhance all aspects of their diversified businesses in such a manner as to ensure that the group, as a result thereof, will also prosper.

Strategic philosophy and approach

Senwes believes in an inch-wide, mile-deep approach to strategy, rather than the other way around. The group does not believe in extensive diversification up and down the value chain, but rather to diversify through commodity, geography, client base, products, services and brands. For Senwes, strategy is more about what to say "NO" to, than what to say "YES" to. You are strategically lost if you do not know the difference between temptation and opportunity.

The Senwes Group takes a risk-based approach to strategy. Applied in practice, a risk-based strategic approach ensures that the degree of risk appetite guides the nature of strategic initiatives pursued. In other words, in times of low risk (moderate to high risk appetite) more offensive strategic plans (growth and/or expansion opportunities) will be pursued, while times of high risk (low risk appetite) will necessitate more defensive strategic plans.

Strategic evolution

Senwes' strategic evolution highlights how the different aspects of the business can be seen at the current point in time, and how each of these aspects is anticipated to transform in the future.

Where are we?

| |
|---|
| Integrated financial product offering within the agri-market and a local agri-focused insurance solution. |
| Agricultural retail business and input supplier. |
| Equipment solutions for our customer base. |
| Storage solutions deployed to grain producers, supported by a market intelligence business through high probability trading, client support, selling grain on an ex-silo basis and decision-making in respect of grain stock. |

Where are we going?

| |
|---|
| → Fully integrated financial services group with an expanded product range and a national footprint, that provides tailored client and business-to-business solutions, driven by an integrated approach. |
| → Integrated input solutions and services linked to agri-advice. |
| → Equipment solutions, showcasing more diversified products, supplied to a national and international market. |
| → Market access and grain storage solutions integrated with logistics, finance and a market intelligence business providing risk and financial management support to clients, thereby delivering an end-to-end solution which enables the full value chain. |

Strategic focus areas

| | | Objectives |
|-------------|---|---|
| Focus areas | Diversification, horizontal integration and consolidation | <ul style="list-style-type: none"> Diversification of the business to mitigate concentration risk, coupled with effective horizontal integration and consolidation of the agri-business sector to facilitate national expansion. Diversification, expansion and/or consolidation by means of a product and service offering, operational activities, commodities, client base, infrastructure, market segment, geography and/or mergers and acquisitions. |
| | Increased investment in efficiencies within the value chain | <ul style="list-style-type: none"> Maintaining a specialised focus on the parts of the value chain where Senwes operates to identify and implement projects that will enhance efficiencies and ensure improved service delivery. Reinvesting in our core competencies and efficiencies. |
| | Internal integration of the customer | <ul style="list-style-type: none"> Leveraging customer intelligence across the Senwes Group to ensure: <ul style="list-style-type: none"> Improved customer relationships and consequent retention of customers. The provision of integrated, value-adding solutions for customers and to obtain an increased share of the customer's wallet spent across the Senwes Group. Expanding the customer base. |
| | Harvesting of value synergies and reorganisation of business models | <ul style="list-style-type: none"> Unlocking value synergies by primarily focusing on reaping the benefits of shared corporate functions and operational efficiencies across the group. Reorganisation and/or restructuring of the group in such a manner that it is optimally positioned for future growth and expansion. |
| | Externalisation | <ul style="list-style-type: none"> Investigate and identify beneficial opportunities globally (outside the borders of South Africa). Decreasing risk by expanding to new, lower risk jurisdictions. Diversify shareholders' income streams. |

Celebrating more than a decade of strategic success

After more than a decade's commitment to its strategy, amid successes that were few and far between at times, the Senwes Group's success gained momentum over the past five years. The group reaped the benefits of focus and commitment to its strategy. The timeline illustrates the group's key strategic milestones between 2010 and 2023, with the corresponding profit from normal operating activities for each year.

2010
R396m

- Grainovation logistics JV was established with Imperial Logistics as partner, effective 14 January 2010.
- Senwes International Holdings (Pty) Ltd was established as holding company for investments in Africa. No investments occurred in 2010.

2011
R371m

- Increased the group's share in Grasland Ondernemings (now Bastion Lime) to 50% with NWK as JV partner, effective 24 June 2010.
- Expanded into Africa through grain trading operations in Malawi.

2012
R349m

- Expanded into Zambia and Mozambique. Bunge was onboarded as a partner to establish the Bunge Senwes JV for the import and export of grain, oilseeds and related products.
- Senwes' equipment business expanded to the Southern Cape with the acquisition of a 50% stake in JD Implemente (JDI) to form a partnership with the Tomlinson family, effective August 2011.

2013
R418m

- Certisure (insurance brokerage) JV with NWK as partner, effective 1 May 2012.
- Established Bunge Senwes International, when Bunge Europe acquired 50% of group's Africa operations, effective 1 September 2012.

2014
R260m

- Hinterland Retail JV with AFGRI as partner, effective 1 June 2013. The wholesale distributor, Prodist (75% held by Hinterland), was acquired as part of the Hinterland JV.
- As part of Senwes' strategy to align and integrate into the logistics value chain, Grindrod acquired a 20% stake in Senwes.
- Senwes' Grain Marketing division started to operate in a new entity, Tradevantage, effective 1 November 2013.

2015
R398m

- Established Molemi Sele with AFGRI and NWK as partners. The company was the owner of a cell captive for credit life insurance within Guardrisk Life. Senwes held a 35,6% share in the business.
- Terminated the group's partnership with Bunge and exited the African operations, as the business model didn't deliver on strategic and financial objectives.

2016
R253m

- The Meadow Feeds contract for the supply of yellow maize was awarded to Tradevantage, effective from 1 May 2016. This was the largest single yellow maize contract in South Africa at the time.

2017
R275m

- JCB Agency agreement was awarded to Senwes Equipment.
- Expanded the equipment footprint to the Eastern and Western Cape with the acquisition of Agrico's John Deere agencies in Aliwal North, Ugie and George, effective 1 August 2016.
- Senwes launched its hedge fund into the market with Absa.
- The AgriRewards loyalty scheme was implemented.

2018
R513m

- Further expansion in the Eastern Cape through a new equipment branch in East London.

2019
R498m

- Increased Hinterland's share in Prodist to 100% (Senwes 50%) and merged Hinterland and Prodist, effective 1 December 2018.
- Acquired Staalmeester (75% stake), effective 1 October 2018.

2020
R479m

- Acquired KLK Landbou (57,4% stake), effective 1 July 2019.
- Acquired Falcon (100% stake), effective 1 November 2019.
- Acquired 100% of the shares in the Grainovation JV, effective 1 November 2019.

2021
R810m

- Acquired 100% of Suidwes, effective 31 October 2020. This acquisition included NviroTek, Protek, Agrinet and Raddix Insurance.
- Termination of the Hinterland JV, leaving Senwes with 100% shareholding of Hinterland. The business assets contributed to the JV by AFGRI, were returned to them.
- Closure of Tradevantage (exit from mill-door business).
- SS-Wealth Planning was established with S-BRO Financial Services.

2022
R1 056m

- Effective 1 May 2021, Senwes acquired NWK's 50% stake in Certisure, leaving Senwes with 100% shareholding in Certisure. The Raddix insurance business was consolidated into Certisure.
- Effective 1 May 2021, Prodist's operations were integrated with Agrinet.
- The JCB-agency agreement terminated on 31 October 2021.
- Senwes Equipment and JDI added the John Deere Construction & Forestry range to their product offerings.

2023
R1 503m

- Effective 1 May 2022, Senwes acquired the remaining 25% stake in Staalmeester increasing the group's shareholding to 100%. Falcon and Staalmeester's operations were merged into a single entity with two separate brands.
- International expansion into Germany through the acquisition of three John Deere agencies in Eastern Germany, effective 1 July 2022.
- Effective 1 September 2022, Senwes purchased an additional 9% of interest in Protek, bringing its total shareholding to 60%.

- Senwes sold its share in Molemi Sele to the other JV partners, NWK and AFGRI, effective 1 November 2022. Senwes decided to continue with its own, wholly owned, cell captive.
- The KLK Group's business portfolio was restructured with the exit of the livestock auctioneering businesses and motor vehicle agencies.
- Senwes sold its seed business to ZAR Seed Production (Pty) Ltd.

Corporate governance



Corporate governance

Report

Governance at Senwes

The Senwes Group (the group) and the board of directors (the board) of Senwes and its related parties conduct business according to the highest standards of corporate governance and in the interest of all its stakeholders.

The board and group executive strive to create maximum shared value by using our sector expertise and strategic growth drivers to deliver our purpose. We ensure relevance and sustainability of our business model by monitoring the macro environment, the availability and quality of capital inputs and stakeholder needs, all of which inform the strategy of the group.

The governance philosophy

Senwes is committed to the highest standards of governance, ethics and integrity. We embrace listed governance practices and robust institutional governance and risk frameworks to ensure that our service delivery is continuous and solution-driven. We review these practices and frameworks on an ongoing basis, being mindful of the dynamic landscape in which we operate, which is influenced by, among other factors, economic and climate changes, shifts in the workplace, digital trends such as artificial intelligence, geopolitics, enhanced data safety and security requirements, to ensure that we act in the best interest of all our stakeholders.

We acknowledge the interdependent relationship between Senwes and its stakeholders in particular and we adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of stakeholders in the best interests of the group over time.

A summary of our key stakeholder engagement activities is contained in our 2023 integrated report and the sustainability report, which are available on www.senwes.com.

King IV principles

The group believes that good governance can contribute to living our values through enhanced accountability,

strong risk and performance management, transparency and ethical and effective leadership.

The board's governance oversight is guided by its commitment to its responsibilities and governance objectives achieved through the application of the principles and practices as articulated in King IV, which are:

Principle 1 to 3

Leadership, ethics and corporate citizenship

The board sets the tone and leads the group ethically, effectively and responsibly. This means that, in decision-making, individual board members act with independence of mind, competence, diligence and conservatism.

The board, as the highest decision-making body, forms the intellectual thoughts of the company and each director has a fiduciary responsibility and trusteeship in respect thereof. Directors must therefore commit themselves to this responsibility and ensure that it is executed in a conscientious manner.

The group is a key role player within rural areas and communities in providing employment, training and financial contributions to municipalities. Senwes is often the largest business in an area and its sustainability is depended on by communities. The group's contribution to the fiscus is also substantial.

The group supports high levels of ethical conduct and sustainability at all levels. A web-based sustainability report is available separately on the Senwes website (www.senwes.com) and explains these aspects more comprehensively.

Principle 4 and 5

Strategy, performance and reporting

The board takes accountability for the performance of the group. In so doing, the board supports the group in setting and achieving its strategic objectives. Information related to required disclosures is contained in, among other reports, this integrated report and the supplementary reports, available at www.senwes.com.

Principles 6 to 10

Governing structures and delegation

The board provides guidance and oversight to the group on the management of compliance risk, remuneration governance, as well as the enterprise-wide risk management function, which fully support good governance practices.

There is a clear division between the rights, responsibilities and competencies of the non-executive and executive authority to ensure a balance of power and authority, such that no one individual has unfettered decision-making powers.

Principles 11 to 15

Governance of functional areas

The focused governance of functional areas such as risk, compliance, IT and technology, remuneration and assurance is delegated to the different board committees. The chairmen of these committees report formally and comprehensively to the board on these matters. Specific focus has been placed on the development of a digital transformation strategy.

Principles 16 and 17

Stakeholder relationships

The board ensures a stakeholder-inclusive approach and the stakeholder engagement policy is to be reviewed again in 2024. The group's strategy aims to create sustainable value for all stakeholders and for Senwes to become a preferred investment partner, employer, supplier and distribution channel, as well as a good corporate citizen.

Statement of compliance

The company has applied the principles of King IV in all instances, except in relation to the board composition reported above.

The principles of King IV have been adopted as far as practically possible but given the current shareholder structure, the company does not apply certain principles of King IV:

Principle 7:

The board does not comprise a majority of independent directors.

Principle 8:

The non-executive chair of the board is not an independent director, since he is also a board member of Agribel Holdings, but is supported by a duly elected and experienced independent non-executive vice-chair, who is also the lead independent director.

The chair of the board, who is also the chair of the Nomination Committee and a member of the Remuneration Committee, is not independent but is a non-executive director.

Shareholder structure

The majority shareholder, Agribel Holdings (Agribel) has long-term strategic plans for the group as the holding company and control structure of Senwes. Agribel directors have majority representation of the non-executive directors on the Senwes board in accordance with the statutory arrangement in the Memorandum of Incorporation (MOI) of Agribel.

Agribel fully supports the strategy of Senwes and in certain instances actively assists with the facilitation of the strategy of growth, diversification and consolidation.

As explained above, the shareholder structure dictates the composition of the board and is as follows:

| Shareholders | Number of shares | % shares held |
|-------------------------------------|--------------------|----------------|
| Agribel Holdings Limited | 132 878 154 | 73,50% |
| Senwes Share Incentive Scheme Trust | 5 386 477 | 2,98% |
| Senwes Capital Proprietary Limited | 383 195 | 0,21% |
| Producers | 23 824 364 | 13,18% |
| Public | 18 317 118 | 10,13% |
| | 180 789 308 | 100,00% |

The Senwes Group comprises the divisions, companies and relationships, including subsidiaries, joint ventures and associates as reflected on of this report.

Board focus areas and discussions during the year under review

Key board focus areas

During the year under the review, the board focused on:

- its own board performance and evaluation;
- succession planning; and
- commenced the review of the rolling 10-year strategy during the period under review. This process will continue into the 2023/24 financial year.

Key board discussions

Board evaluation

The intention of the board evaluation process was to conduct a quick "health check" which will be expanded upon by means of individual discussions.

The previous evaluation was done in 2018 (pre-Covid) and accordingly it was once again the appropriate time to consider the board's performance and related aspects from a governance perspective.

The outcome of the evaluation process was positive and besides succession planning focus areas, no serious findings were raised. The board is very involved in strategic direction and guidance and all members participate extensively.

Succession planning

Succession planning for board members is one of the most important responsibilities of the board as a whole, assisted by the Nomination Committee (Nomco). Nomco continuously monitors the balance of executive, non-executive and independent directors, as well as the skills, experience and tenure of board members. One of the focus areas of Nomco is to ensure that when directors reach the end of their terms of service or retirement age, board continuity is ensured through active succession planning that takes into account any skills required on the board in terms of the group's strategic focus areas.

Non-executive director, Dries Kruger, retired during the year, effective 22 August 2022. During the year under review, Corné Kruger resigned, effective 31 October 2022 and Carl Klingenberg was appointed in his role as the new CFO on 1 February 2023. Debbie Bester acted as interim CFO during this period.

Strategic review

The review commenced during September 2022 and the board considered the proposed strategic review during April 2023.

The board

Mandate of the board:

The board acts as a unitary governance structure and collectively ensures in terms of King IV that it:

- guides strategic direction: considers and reviews the rolling 10-year strategy of the group presented by management and the budgets necessary for the implementation of the approved strategy;
- approves policy and planning;
- provides oversight and monitoring;
- ensures accountability; and
- approves and implements formal reservation (board) and delegation of authority (CEO and below) policies.

In doing so, the board has committed to fulfilling the following responsibilities:

- Delegates management of the group to a competent executive management team;
- Ensures that a robust strategy process is defined, resourced and executed by management;
- Ensures compliance with appropriate legislation (including regulations), governance codes and appropriate best practices;
- Governs disclosures so that stakeholders can effectively assess the performance of the group;
- Protects the interests of the group's stakeholders and ensure fair, responsible and transparent people practices;
- Oversees the risk management function and ensures that it informs management's development and implementation of the strategy;
- Ensures that the board remains independent in discharging its duties; and
- Adopts a fair and responsible remuneration policy.

The composition of the board

| Shareholders | Board members |
|-------------------------------------|---------------|
| Agribel Holdings Ltd | 6 |
| Together with: | |
| Independent non-executive directors | 5 |
| Executive directors | 2 |
| | 13 |



With five independent non-executive directors on the board and an experienced executive team, no single individual can exercise undue influence on the decision-making processes of the board.

Directors are nominated and elected by shareholders and provision has been made for rotation in the form of a staggered rotation programme, in terms of which no board member's term of office may exceed three years without reappointment. Directors are appointed by the shareholders in accordance with the Companies Act and the MOI and are subject to re-election.

When a director's tenure reaches a period of more than nine years, best practice requires the board to consider whether that director continues to be independent in executing his fiduciary duties. The board, upon recommendation by the Nomination Committee (Nomco), has adopted the policy of annually reviewing directors' independence if their tenure has reached nine years or more.

Based on the results of the evaluation, the board will consider whether there is any evidence of any circumstance and/or relationship that would impair their judgement, to the extent that their independence is compromised. The process of evaluating the independence of one director appointed to the board in 2009, was undertaken in July 2022, prior to the annual general meeting (AGM). This director, Dr Steve Booysen, was re-elected and the independence evaluation will be done annually in future.

The composition and the performance of the board, individual directors and committees are scrutinised

by Nomco. Information about directors is made available to shareholders to enable them to make informed decisions regarding the election of such directors. The reappointment of non-executive directors is not an automatic process and through Nomco, the board conducts a screening process to ensure that proposed board candidates are fit and proper to serve as board members. The succession plan for the chairman and vice-chairman has also been approved by this committee.

The board continuously evaluates itself with the assistance of Nomco. During the year under review, Nomco once again conducted a performance evaluation of the board and its practices as explained above, as one of its key focus areas.

The board committees contribute significantly to the effectiveness of the board by ensuring that detailed oversight and reporting take place.

The board charter

The board charter regulates the parameters within which the board operates and ensures the application of the principles of good corporate governance in all its dealings. Furthermore, the board charter sets out the roles and responsibilities of the board and individual directors, including the composition and relevant procedures of the board. The board charter is reviewed annually and is aligned with the provisions of all relevant statutory and regulatory requirements, including, amongst others, the Companies Act No 71 of 2008, as amended (the Companies Act), King IV and the company's MOI.

Board meetings and attendance of board meetings

During the year under review (1 May 2022 to 30 April 2023) meetings were well attended, as reflected in the table below:

| Director | Board ¹ | Audit Committee | Risk Committee | Remco | Nomco | Investment Committee | Social & Ethics Committee |
|--|--------------------|-----------------|----------------|-------|-------|----------------------|---------------------------|
| Number of meetings | 6 | 3 | 2 | 3 | 2 | 1 | 1 |
| Non-executive: | | | | | | | |
| JDM Minnaar (Chair) ² | 6/6 | 3/3 | 2/2 | 3/3 | 2/2 | 1/1 | 1/1 |
| SF Booysen (Vice-Chair) | 6/6 | 3/3 | - | 3/3 | 2/2 | 1/1 | - |
| VJ Klein | 6/6 | - | 2/2 | - | - | - | 1/1 |
| AJ Kruger (retired 22 Aug 2022) | 1/6 | 1/3 | - | - | - | - | - |
| NDP Liebenberg (member of Audit Committee until Aug 2022) | 6/6 | 2/3 | - | 3/3 | 2/2 | 1/1 | - |
| G Malherbe | 6/6 | - | 1/2 | - | - | - | 1/1 |
| JS Marais | 6/6 | - | - | - | - | - | 1/1 |
| JJ Minnaar | 6/6 | 3/3 | 2/2 | 3/3 | - | - | - |
| JPN Stander | 6/6 | 3/3 | - | - | - | - | - |
| WH van Zyl | 6/6 | - | 2/2 | 3/3 | - | - | - |
| AG Waller | 6/6 | - | - | - | - | 1/1 | - |
| JJ Viljoen | 6/6 | - | 2/2 | - | - | - | 1/1 |
| Executive³: | | | | | | | |
| F Strydom | 6/6 | 3/3 | 2/2 | 3/3 | 2/2 | 1/1 | 1/1 |
| CF Kruger (resigned 31 Oct 2022) | 1/6 | 1/3 | - | - | - | - | - |
| D Bester (Interim CFO 1 Aug 2022 - 31 Jan 2023) | 2/6 | 1/3 | 1/2 | - | - | - | - |
| CR Klingenberg (appointed 1 February 2023) | 1/6 | 1/3 | 1/2 | - | - | - | - |

¹ The Board meets quarterly. The number of meetings include strategic sessions.

² Ex officio member of all committees.

³ Not committee members, with the exception of the Risk Committee. However, meetings are attended upon invitation.

The role and function of the chair

The chair is a non-executive director who is appointed by the board on an annual basis. The positions of the chair and the Chief Executive Officer are separate with segregated duties.

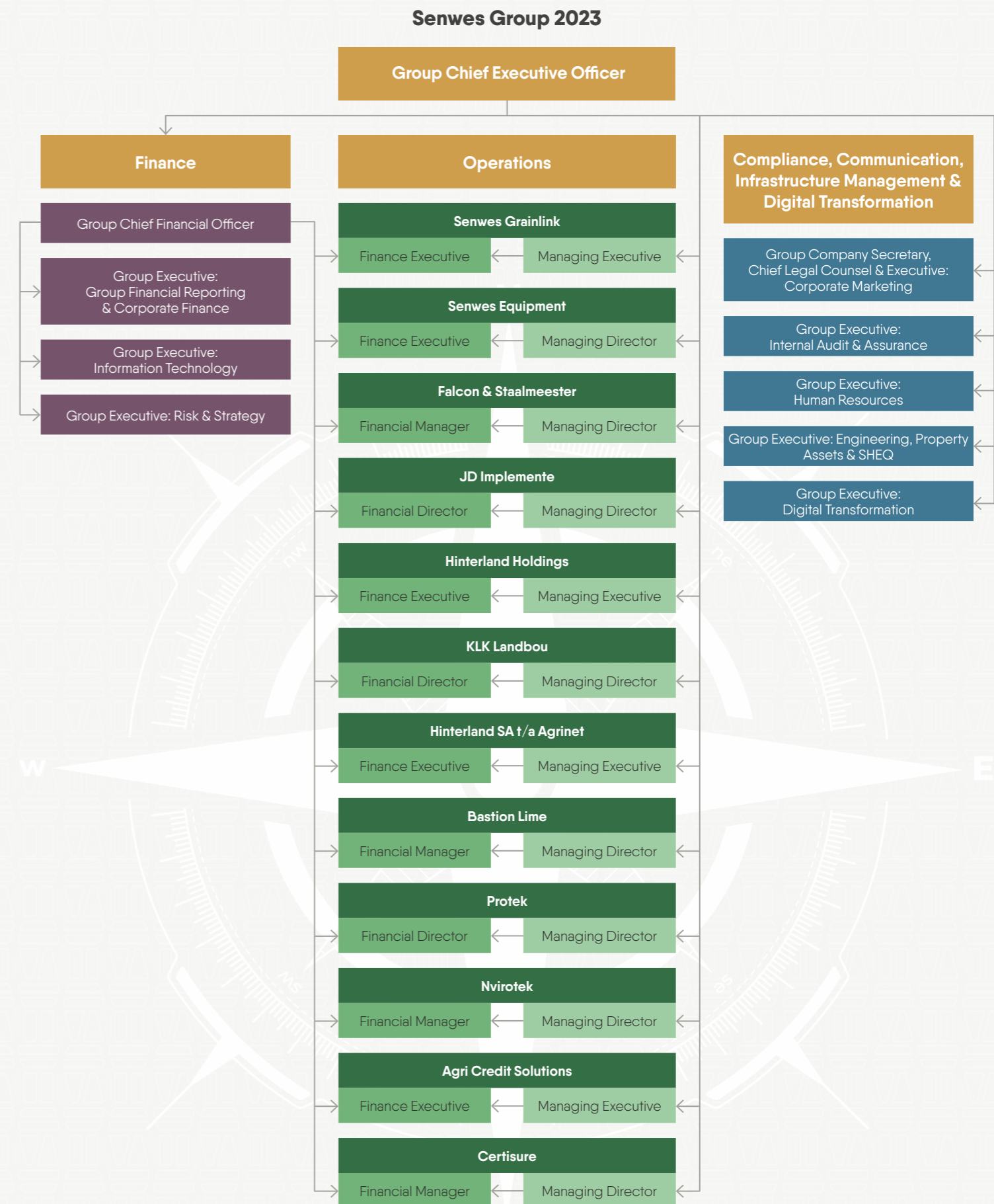
The primary role of the chair is to provide ethical and effective leadership to the board, set the tone for its performance and undertake the management thereof. Our chairman regularly engages with board members, both on a collective basis and separately with the non-executive directors.

The chair must maintain regular dialogue with the Chief Executive Officer regarding all operational matters and must, without hesitation, consult the remainder of the board regarding any matters which may be a source of concern. He also acts as facilitator at all meetings of the board of directors (or members' meetings) to ensure that no member, executive or non-executive, dominates discussions, that appropriate discussion takes place and that relevant opinions are forthcoming.

The chair is the link between the board of directors and Chief Executive Officer, and the Chief Executive Officer shall, between board meetings, inform the chair of all substantial matters.

The role and function of Chief Executive Officer

The group's daily corporate and management functions are dealt with by the Chief Executive Officer, supported by a management team, as illustrated in the diagram below:



During the year under review, share trading was conducted during the open periods listed below, while trading during closed periods was prohibited:

| Date 2022/2023 | Status of trading | Reason |
|-----------------|-------------------|--|
| 25 March 2022 | Closed | Forecast of financial results shared with the leadership team. |
| 13 April 2022 | Closed | Forecast of financial results shared with the board. |
| 30 April 2022 | Closed | Preparation of the annual financial statements. |
| 6 July 2022 | Open | Publication of annual financial statements and dividend announcements. |
| 31 October 2022 | Closed | Preparation of the interim financial statements. |
| 5 December 2022 | Open | Announcement of the interim financial results and Agribel scrip dividend and repurchase programme. |
| 24 March 2023 | Closed | Forecast of financial results shared with the leadership team. |
| 12 April 2023 | Closed | Forecast of financial results shared with the board. |
| 30 April 2023 | Closed | Preparation of the annual financial statements. |

Board committees

Functions and mandates

The Senwes board has six formal board committees to facilitate effective decision-making and to assist the board in the execution of its duties and powers, whilst still reserving the material decisions for itself in terms of the "Reservation of Authority".

The board will rely on these committees to provide certain safeguards as per the mandates of the committees, such as recognition of risks, fair remuneration of management, strong internal controls, sound investment decisions and good communication with stakeholders.

The powers and execution of the responsibilities of each board committee are arranged by means of formal written mandates. These committees meet regularly in terms of the board's annual work plan and annually review their mandates, after which such mandates are presented to the board for approval.

Board committees serve a useful purpose by focusing on clearly defined issues in greater depth than the board. The group makes use of these board committee structures to ensure that the onerous work of the board is being attended to properly.

The board monitors the responsibilities of board committees to ensure effective coverage of and control over

the operations of the group. Board committees report in detail on key discussions and activities at each Senwes board meeting and the minutes of board committee meetings are subsequently made available to all board members. Board and board committee meeting attendance is indicated above.

Overall, the board has expressed satisfaction with the active role played by each board committee in ensuring that the responsibilities of the board are properly executed and addressed.

The Audit Committee

The board is satisfied that it has an independent Audit Committee.

This committee comprises a majority of independent, non-executive directors and is chaired by Steve Booysen. The Chief Executive Officer, Chief Financial Officer and major financial and corporate disciplines throughout the group also attend committee meetings.

The Audit Committee met three times during the year under review. In terms of the provisions of the Companies Act and its mandate, the committee attends to the following:

- Annual internal and external audit planning and budgets;

Corporate governance

- Internal and external audit reporting;
- Integrated reporting;
- Integrity of controls and financial disclosure;
- Appointment of external auditors and verification of independence;
- Approval and recommendation of the annual financial reports, distribution to shareholders, liquidity and solvency tests and compliance assurance in terms of the Companies Act, IFRS and accounting policies;
- Governance frameworks;
- Tax strategy and risk; and
- Combined assurance in terms of risk, audit and compliance.

It ensures appropriate reporting of the going concern recommendations and actively supports the board in ensuring that appropriate corporate governance and information technology frameworks are in place and are being maintained as such.

The Audit Committee annually considers the major tax strategies and risks in terms of legislation, structuring of proposed transactions and prevailing tax issues affecting the group via the Tax Risk Committee.

The Investment Committee

The Investment Committee comprises non-executive directors only. The executive directors attend the meetings as well. This committee met once during the year under the guidance of its chair, Steve Booysen. This committee is responsible for various matters and its mandate has been expanded to include the management of liabilities as well. The committee attends to:

- Investment philosophy and investment management;
- Growth transactions and joint venture partnerships;
- Investment performance;
- Funding requirements and equity structuring;
- Liability management; and
- Reviewing of post-implementation audit reports relating to investments made.

The Nomination Committee (Nomco)

The Nomco met twice during the year and is chaired by Danie Minnaar, chair of the board. It comprises non-executive directors only and meetings are attended by the Chief Executive Officer and the

Company Secretary. Nomco is the caretaker of governance and compliance with King IV and the board charter and is mandated to:

- Consider the composition of the board of directors, taking the business and size of the group as well as the commercial and sector imperatives in which the group operates, into account;
- Determine and recommend targets for race and gender representation;
- Determine the independence requirements and the appointment of a lead independent director;
- Identify the required fields of knowledge, skills, experience, culture, age, gender and race in order to service such requirements;
- Ensure a transparent and formal nomination, election and ultimately an appointment process;
- Invite nominations for candidates for appointment, subject to the provisions of the Companies Act and the Codes on Corporate Governance;
- Recruit and appoint candidates that meet the fit and proper criteria as directors; and
- Evaluate the performance, efficiency, balance and diversity of the board of directors.

The Remuneration Committee (Remco)

The Remco met three times during the year under the chairmanship of Nico Liebenberg and comprises non-executive directors only. The corporate divisions, mainly Corporate Services and Human Resources, attend meetings on invitation. Remco attends to the following:

- Recommendations to the board and shareholders regarding non-executive and executive directors' remuneration;
- Reviews and ensures application of the remuneration philosophy;
- Ensures sound incentive scheme management and reasonable and appropriate salaries/wages;
- Ensures appropriate succession planning for the executive directors and management; and
- Employment equity.

The remuneration philosophy and policy are dealt with in detail in the remuneration report. The report explains the practical application and implementation of remuneration governance in support of the recommendations for the remuneration of directors for the new year, as

contained in the notice of the annual general meeting and the special resolution in this regard.

Senwes Share Incentive Scheme Trust (LTI)

The participants of the LTI-share incentive scheme are executive and senior managers who are capable of influencing the performance of the group and of aligning the interests of the group with those of the shareholders. Vesting of shares is based on pre-determined performance targets. If these targets are not achieved, the allocated shares are forfeited. Each of the annual grants allocated in terms of the incentive share scheme vest after three years.

The scheme is overseen by the board, with the detail being attended to by the Remco. The duly appointed compliance officer ensures compliance with section 97 of the Companies Act.

The Risk Committee

This committee comprises non-executive and executive directors and is chaired by Jaco Minnaar. Risk Management and all other divisions are exposed to the committee by means of a structured work plan. The committee met twice during the year. This committee plays a strategic role in guiding the board in its strategic plans. It analyses strategic and operational risks at all levels. During the year under review the committee reviewed its risk management plan and risk appetite once again and presented these to the board for approval.

Risk management is applied throughout the Senwes Group. It is understood that risk management will assist with ensuring the long-term sustainability of Senwes. The current risk culture within the company contributes to the creation of shareholder value on a sustainable basis that is consistent with shareholders' expectations.

The reporting structure is as follows:

- Chief risk manager and risk officers;
- Exco;
- Compliance Committee; and
- Risk Committee.

The risk management functions report continuously on material risks and opportunities of the group, as well as those of each operational business unit or joint venture.

The Social and Ethics Committee

The committee is responsible for the oversight of some of the other board committees as provided for in the Companies Act. Kobus Marais is the chair and the committee met once during the year. It comprises non-executive directors only. The committee is responsible for, inter alia:

- Labour matters;
- Transformation and Broad-Based Black Economic Empowerment (B-BBEE) matters;
- Consumer protection and sound business practices;
- Code of Ethics and Code of Conduct;
- Sustainable culture and values;
- Stakeholder engagement; and
- Sustainability and concomitant integrated sustainability reporting.

The Social and Ethics Committee has carried out its statutory obligations in terms of its mandate and the committee confirms that the group conducts its affairs diligently and responsibly as required in terms of good corporate citizenship. The committee reviewed and was satisfied with the sustainability report as presented to the shareholders.

Company Secretary

The board collectively and the individual board members are guided by the Company Secretary in the execution of their continued responsibilities and duties. Newly appointed directors undergo an appropriate induction process, presented by the Company Secretary, which contains various elements. As required in terms of the Companies Act, the Company Secretary supervises compliance with legislation throughout the group. The appropriate structures in this regard have been established, as explained under the heading "compliance with legislation."

All directors have access to the services of the Group Company Secretary, Elmarie Joynt. The Group Company Secretary is not a member of the board. The board is satisfied that an arm's length relationship exists between it and the Group Company Secretary.

Access to information

The company complies with the Access to Information Act, 2000 and a manual in this regard is available on the company's website. Shareholders also have access to the shares register, minutes of shareholders' meetings and information regarding various company matters. Any enquiries may be addressed to the company secretary as the deputy information officer.

Compliance with legislation

The board accepts responsibility for compliance with all applicable legislation and regulatory requirements. This is reported via the internal Compliance and Ethics Committee, chaired by the Company Secretary, and then to the Risk Committee and in certain instances to the Audit Committee as well. No major incidents of non-compliance with legislation have been reported during the year under review.

Going concern

After recommendation by the Audit Committee, the board records the facts and assumptions used to determine whether the business will continue as a going concern for the new financial year and approves the going concern principle.

Share trading

The trading of Senwes and Agribel shares has been taking place on an over-the-counter (OTC) basis since 15 October 2021. An OTC-market is a decentralised platform on which market participants trade shares which are not listed on an exchange through bilateral negotiations.

The OTC is managed under strict supervision and the practices that applied in the listed environment, still apply.

Shareholder information

Senwes' five largest shareholders as at 30 April 2023:

| Name of shareholder | Number of shares | % of issued shares |
|-------------------------------------|------------------|--------------------|
| Agribel Holdings Ltd | 132 878 154 | 73,5% |
| Senwes Share Incentive Scheme Trust | 5 386 477 | 3,0% |
| F Strydom | 2 383 758 | 1,3% |
| Vanki (Pty) Ltd | 1 000 000 | 0,6% |
| N Greeff | 908 731 | 0,5% |

Shareholder information in terms of portfolio size:

| Size of holding | Number of holders | % | Total number of shares | % |
|--------------------|-------------------|---------------|------------------------|---------------|
| 1 - 1 000 | 784 | 29,3% | 269 155 | 0,2% |
| 1 001 - 5 000 | 705 | 26,3% | 1 834 759 | 1,0% |
| 5 001 - 30 000 | 899 | 33,6% | 11 976 587 | 6,6% |
| 30 001 - 100 000 | 230 | 8,6% | 11 526 418 | 6,4% |
| 100 001 - and more | 60 | 2,2% | 155 182 389 | 85,8% |
| | 2 678 | 100,0% | 180 789 308 | 100,0% |

Shareholder diary

| Shareholder diary | Date |
|--|------------------------|
| Financial year-end | 30 April 2023 |
| Announcement of results in media | 28 June 2023 |
| Annual general meeting notices available | 21 July 2023 |
| Annual general meeting | 22 August 2023 at 9:00 |

Senwes board of Directors

To ensure that we deliver on our purpose of future-focused and sustainable value creation, our approach to corporate governance promotes strategic decision-making that balances short, medium and long-term outcomes to reconcile the interests of the group, our stakeholders and society.

Through its collective experience and skills, the Senwes board continuously drives the outcomes that support the group's vision of reimagining agri-business to strengthen the group's contribution towards the agricultural and food value chain, and by doing so, positively impacts the lives of all South Africans.



JDM (Danie) Minnaar ⁽⁵⁸⁾
Chairman

Director since September 1999
B. Com (Economics)

- Nomination Committee
- Investment Committee
- Ex officio member of all board committees



SF (Steve) Booysen ⁽⁶⁰⁾
Vice-Chairman

Independent director since October 2009
B. Compt (Hons), D. Com, CA (SA)

- Audit Committee
- Remuneration Committee
- Nomination Committee
- Investment Committee

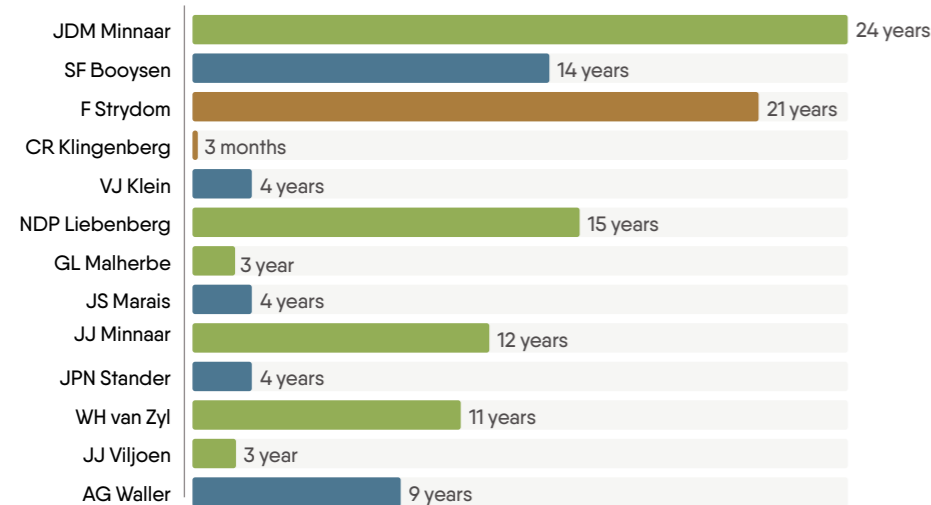


F (Francois) Strydom ⁽⁶³⁾
Group Chief Executive Officer

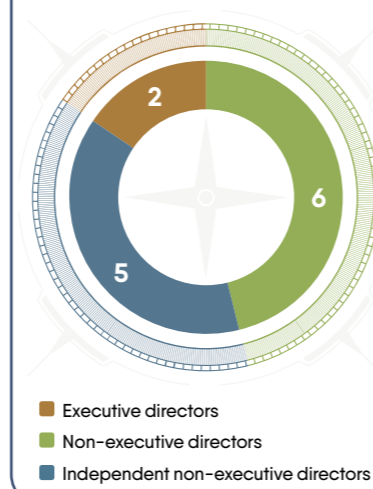
Director since June 2002
B. Sc Agric (Hons) (Animal Science)

- Risk Committee

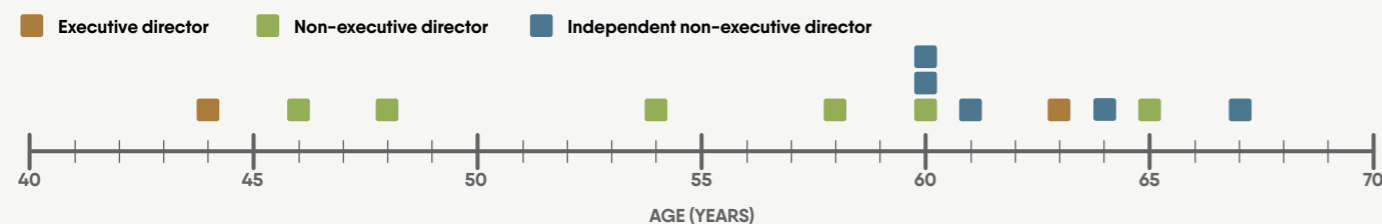
Years of service on the board



Board membership



Directors' age distribution



Corporate governance



CR (Carl) Klingenberg ⁽⁴⁴⁾
Group Chief Financial Officer

Director since February 2023
B.Com (Hons), CA (SA)

- Risk Committee



VJ (Venete) Klein ⁽⁶⁴⁾
Independent
Non-Executive Director

Director since August 2019
Executive Development
Programmes at Harvard and MIT

- Social and Ethics Committee
- Risk Committee



NDP (Nico) Liebenberg ⁽⁵⁴⁾
Non-Executive Director

Director since August 2008
B. Com (Hons), M.
Sustainable Agriculture

- Remuneration Committee
- Nomination Committee
- Investment Committee



GL (Gert) Malherbe ⁽⁶⁵⁾
Non-Executive Director

Director since October 2020
B. Agric

- Social and Ethics Committee
- Risk Committee



JS (Kobus) Marais ⁽⁶⁷⁾
Independent
Non-Executive Director

Director since August 2019
B. Agricultural Management

- Social and Ethics Committee



JJ (Jaco) Minnaar ⁽⁴⁶⁾
Non-Executive Director

Director since August 2011
B. Eng (Agriculture)

- Audit Committee
- Remuneration Committee
- Risk committee



JPN (Pieter) Stander ⁽⁶¹⁾
Independent
Non-Executive Director

Director since August 2019
B. Agric Admin (Hons)
(Agricultural Economics)

- Audit Committee



WH (Thabo) van Zyl ⁽⁴⁸⁾
Non-Executive Director

Director since August 2012
B. Sc.Agric
(Agricultural Economics)

- Remuneration Committee
- Risk Committee



JJ (Hansie) Viljoen ⁽⁶⁰⁾
Non-Executive Director

Director since October 2020
B. Agric

- Social and Ethics Committee
- Risk Committee



AG (Andrew) Waller ⁽⁶⁰⁾
Independent
Non-Executive Director

Director since December 2014
B. Com (Hons), CA (SA)

- Audit Committee
- Investment Committee



Elmarie Joynt ⁽⁵³⁾
Group Company Secretary and
Chief Legal Counsel

Appointed in February 2002
B. Com (Law), LLB, LLM, FCIS,
FCIBM, Attorney and Notary of
the High Court

Remuneration Report

The board, through Remco, is committed to ensuring that the remuneration of employees is fair and responsible in the context of the approved remuneration philosophy. Remco attends to all remuneration matters of the group as provided for in its written mandate, approved by the board of directors.

Remco is mandated by the board to independently approve and oversee the implementation of a remuneration philosophy that supports the group's long-term strategy. In all its activities, Remco also endeavours to ensure that remuneration reporting is comprehensive and transparent.

In establishing remuneration philosophy and policy, the Senwes Group considers the following:

- Remuneration that is compliant with regulations and aligned with codes of best practice;
- Fair, reasonable and market-related remuneration;
- Policies and practices that strive for internal equity;
- Remuneration that is economically affordable and aligned with the group's code of ethics; and
- Aligns executive long-term wealth interests with the long-term interests of the shareholders.

During the period under review, an average increase of 5,5% on the total salary bill, effective from 1 August 2022, was approved. In addition, the group implemented performance-based increases. The salary increases were therefore implemented by means of varying increase rates not only based on job grade, but also on employees' individual performance ratings.

Remco adheres to the minimum wage determined by the Motor Industry Bargaining Council (MIBCO) and the Metal and Engineering Industries Council (MEIBC) in all the applicable companies within the group that have employees registered with these councils.

During the previous financial year, the group established employee forums, which were consulted regarding salary increases for the Senwes Group, as well as certain policies during the current reporting period. Consultations with employee forums will continue throughout the coming financial year.

To obtain an objective view of how employees experience the group's culture, Senwes' Human Resources division embarked on a group-wide culture survey during the year under review. The metrics obtained from the project will enable the group to ascertain alignment and/or misalignment between the current culture and the desired culture, as experienced by and reported on by the group's employees. Tailor-made interventions will be rolled out across the relevant areas of the group during the next financial year to ensure alignment of the organisation's culture, values and goals with its employees. The outcomes of the proposed interventions will be monitored.

Key messages:

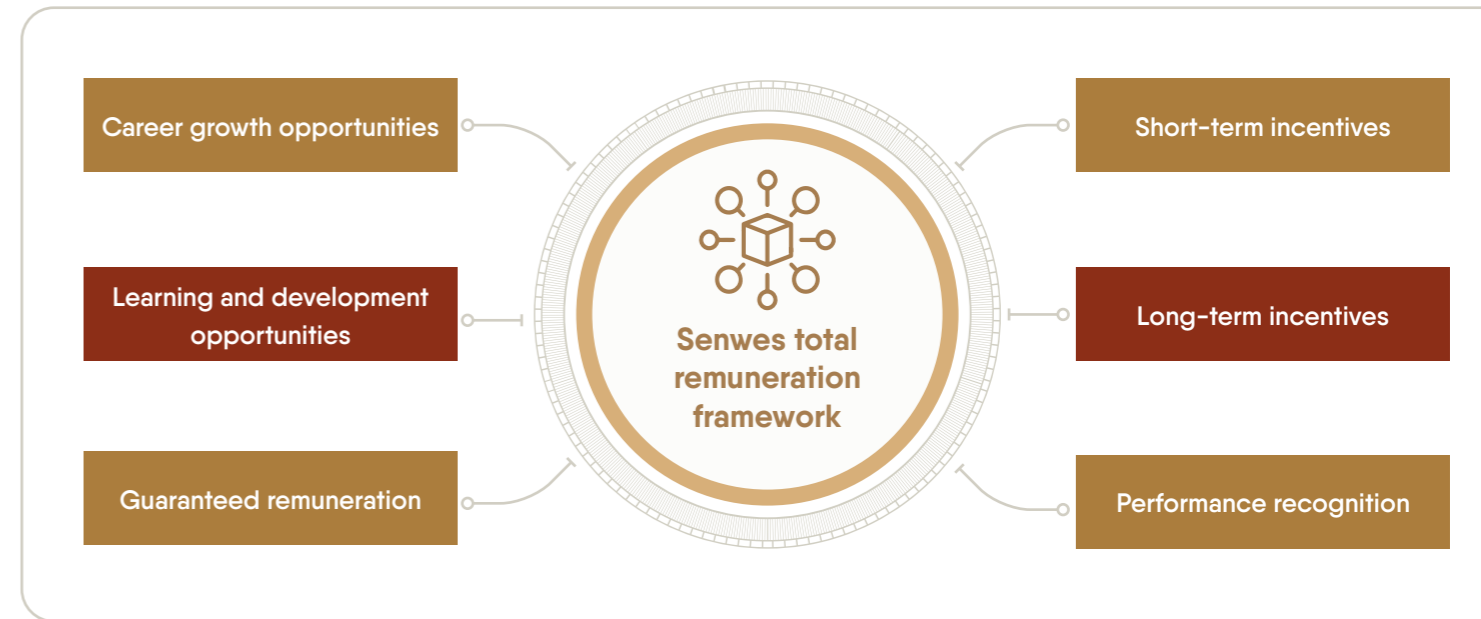
The group remuneration philosophy, short-term incentive scheme and long-term incentive scheme are reviewed annually to ensure that the objectives of the group's remuneration mix are successfully achieved:

- To attract, retain, motivate and reward talented and high-performing employees;
- To achieve the group's strategic objectives; and
- To deliver expected shareholder return and ensure sustainable performance and that shareholder value creation is achieved in the long term.

By applying a sound remuneration philosophy, Remco is committed to ensuring that the remuneration of non-executive directors and executive management is fair and reasonable in the context of overall remuneration.

The group's philosophy is to encourage sustainable long-term performance that is consistently aligned with the interests of shareholders.

Senwes adopted a holistic and total reward philosophical approach to remuneration, which takes into account financial and non-financial, direct and indirect, as well as intrinsic and extrinsic rewards, based on and in support of the employee value proposition.



Remuneration philosophy

Guiding principles

- The remuneration policy is governed through the governance structures to ensure alignment with the vision, commitment, values, strategic direction and objectives of the group;
- The remuneration policy and practices must be compliant with relevant regulations, economically sensible, ethically aligned and market-related;
- The group uses a total reward approach, applying an appropriate reward mix for the various employees, based on and in support of the employee value proposition;
- The group's remuneration policy must be transparent and implemented fairly and consistently, based on the factors of role, qualifications, experience,

- scarcity of skills, individual contribution, level of performance and talent potential;
- Remuneration of employees will be based on relevant and appropriate market benchmarks to strive for competitiveness of the total reward positioning, within the parameters of affordability; and
- Total remuneration must be aligned with individual, business unit and corporate performance.

Scope

- The philosophy outlines the governance framework through which remuneration is determined and managed throughout the group and across all levels of the organisation;
- The philosophy is approved by the board and management is responsible for the implementation thereof; and

- The philosophy is aligned with the Senwes Group strategy and is part of Senwes' operating philosophy, policies and standards.

Strategic objectives

- To ensure that the business has the right mix of skills;
- To attract and retain the right talent;
- To develop a high-performance culture, which rewards individual, team and corporate performance;
- To motivate result-oriented behaviour and pursuit of excellence;
- To encourage long-term focus that ensures sustainability of performance, effective risk alignment and management;
- To encourage behaviour that is aligned with the culture and objectives of the group; and
- To align employees' interests with the interests of the shareholders.

Remuneration governance

Board of directors

- The board has the final authority for the approval of the remuneration philosophy;
- The board delegates responsibility for this philosophy to Remco; and
- The board provides oversight of the execution of the philosophy.

Remco

Remco has the following responsibilities, which are aligned with the Remco mandate:

- Accountability for all remuneration matters in the group, including oversight of the implementation of the remuneration philosophy;
- Determination of the remuneration of executive and non-executive directors and recommendation of the

non-executive directors' remuneration to the board and subsequently to the shareholders at the AGM for approval;

- Approval of the remuneration structure of the group;
- Ensuring that an appropriate, adequate and effective remuneration system is in place;
- Ensuring that the remuneration strategy is economical and ethical and that the policy is applied consistently and fairly throughout the organisation;
- Benchmarking and evaluation of the income differential rate between the executives and employees;
- Working in consultation with other board committees to ensure that relevant internal remuneration policies and practices are aligned with the group's objectives; and
- Reporting to shareholders on behalf of the board on remuneration matters.

Composition of Remco

| Name | Director status | Qualification | Position held |
|------------------|------------------------------------|---|--------------------|
| Nico Liebenberg | Non-executive director | B.Com (Hons), M. Sustainable Agriculture | Committee Chairman |
| Steve Booysen | Independent non-executive director | B.Compt (Hons), D. Com, CA (SA) | Member |
| Jaco Minnaar | Non-executive director | B.Eng (Agriculture) | Member |
| Thabo van Zyl | Non-executive director | B.Sc Agric (Agricultural Economics) | Member |
| Francois Strydom | Group Chief Executive Officer | Permanent invitees with no voting power. They are excluded when matters relating to their own remuneration are discussed. | |
| Carl Klingenberg | Group Chief Financial Officer | | |

The meetings are also attended by the Group Executive: Human Resources, who is responsible for remuneration, as well as external advisors from time to time, as deemed necessary by Remco.

Executive committee

The Senwes Group's executives, under the supervision of the Senwes Group CEO, have the responsibility of proposing and implementing the remuneration philosophy, policy and strategies, as envisaged by Remco, on behalf of the board.

Human Resources division

The Senwes Group's Human Resources division is responsible for remuneration management through:

- Developing policy proposals, providing guidelines, tools and support to management in the implementation of the remuneration philosophy and policy;
- Undertaking of annual benchmarks to ensure market competitiveness; and
- Formulating a wage negotiation strategy and engaging in negotiation processes which are aligned with the mandate approved by Remco.

Remuneration strategy

Senwes' remuneration strategy is based on a total reward approach, which includes financial and non-financial, direct and indirect, intrinsic and extrinsic rewards, based on and in support of the employee value proposition.

Employee value proposition

Senwes strives to be an employer of choice. In this regard, Senwes has developed an employee value proposition, which steers the group's employee engagement and talent strategy towards the realisation of that vision. The purpose of our employee value proposition is to enable the organisation to attract prospective talent, improve employee engagement and performance, instil behaviour consistent with our values, develop an enabling and supportive work environment and to retain talent.

The employee value proposition is based on the following four pillars:

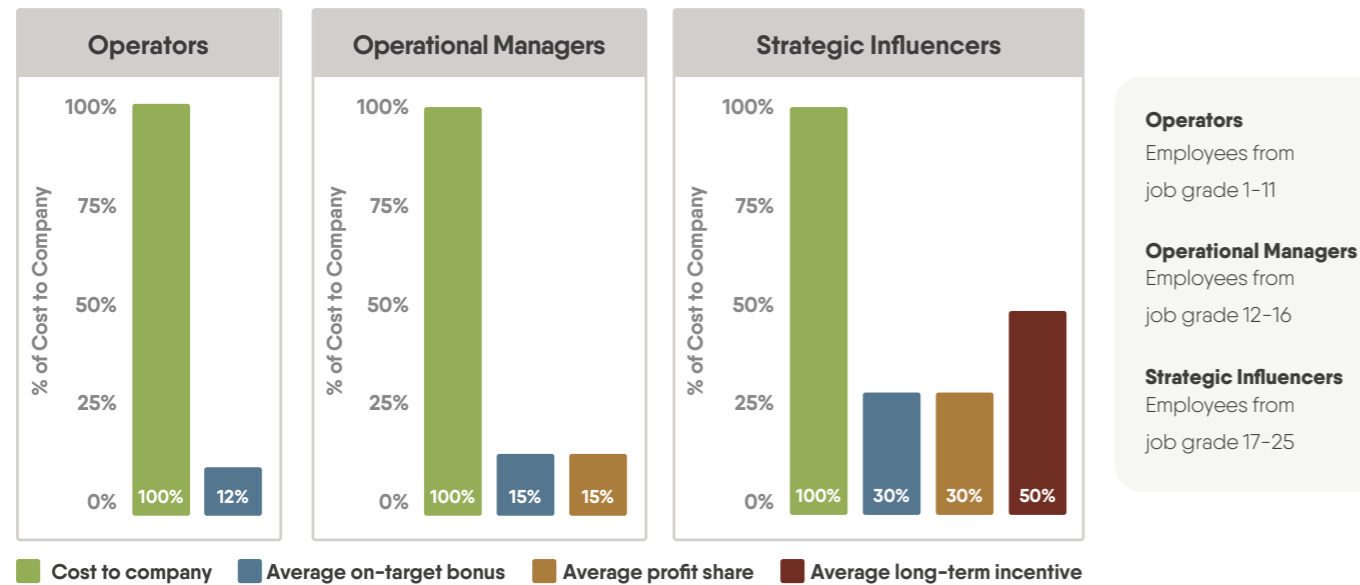


Remuneration structure

The remuneration structure comprises guaranteed pay (total cost to company), special purpose bonus (in exceptional circumstances, at the discretion of the Executive and/or Remco), short-term incentives and long-term incentives.

An appropriate remuneration mix is maintained between fixed and variable performance-based remuneration, as well as between short-term and long-term performance-based remuneration. The diagram below illustrates the functioning of the remuneration structure:

Remuneration philosophy and incentives



Directors' remuneration

Remco reviews the remuneration of executive and non-executive directors annually, based on external surveys and benchmarks against a peer group of companies and other relevant benchmarks. The committee also considers the skills levels, performance and retention of the directors. Remuneration is generally positioned at the median of the relevant benchmark.

Non-executive directors' remuneration

Non-executive directors' remuneration is reviewed on an annual basis and tabled at the annual general meeting for approval as a non-binding vote as required in terms of section 66(9) of the Companies Act, 2008.

Non-executive directors' fees are benchmarked against various surveys and compared to a peer group of companies, approved by Remco, to ensure market competitiveness. The peer group comprises companies with a similar profile to that of the Senwes Group from an investor's perspective.

Non-executive directors' fees comprise a fixed fee for board membership, as well as additional fees for board committee participation. The fee for the vice-chairman of the board is based on a percentage of the chairman's fee, which is set at 70%. The chairmen of board committees are paid a premium commensurate with their roles and as compensation for the additional responsibilities as chairmen.

Non-executive directors do not participate in either the short-term or long-term incentive schemes. The out-of-pocket expenses of non-executive directors, including travelling and accommodation expenses, are reimbursed monthly after due submission of such claims.

At the annual general meeting in August 2022, shareholders approved a 5,4% increase in non-executive directors' remuneration. The approval is valid for a period of 12 months.

Executive directors' remuneration

The primary objective is to ensure that executive directors receive remuneration which is appropriate to their

scale and scope of responsibility and performance, and which will attract, motivate and retain individuals of exceptional calibre and behaviour, as well as incentivise them to work in the short-term and long-term interest of the group in line with shareholders' interests. The remuneration mix of the executive directors comprises guaranteed pay, short-term and long-term incentives. Total remuneration is weighted towards variable performance-based remuneration. Appropriate benchmarking is done against applicable and selected peer groups.

Since the executives are employees appointed by means of employee contracts, the board approved a 5,5% increase for them during the year under review.

Guaranteed remuneration

Remco determines the guaranteed remuneration of executive directors and other executives and reviews it at least annually, using benchmarks based on external surveys and a peer group of companies. The benchmarks are verified with independent HR-specialist consultants at the discretion of Remco. Guaranteed pay is positioned at the median of the relevant benchmark. Variations will occur around the median, which will be influenced by various factors, such as the strategic importance of the role, level of experience of the executive, performance record and other considerations that Remco may deem appropriate.

Short-term and long-term incentives

Short-term incentives

Short-term incentives (STI) are paid in cash and are based on the achievement of annual targets. The STI comprises an on-target bonus and profit share where targets have been exceeded. The criteria for qualifying for short-term incentives are based on group corporate financial performance, profit and return targets and individual financial, non-financial, strategic and operational performance objectives.

Long-term incentives

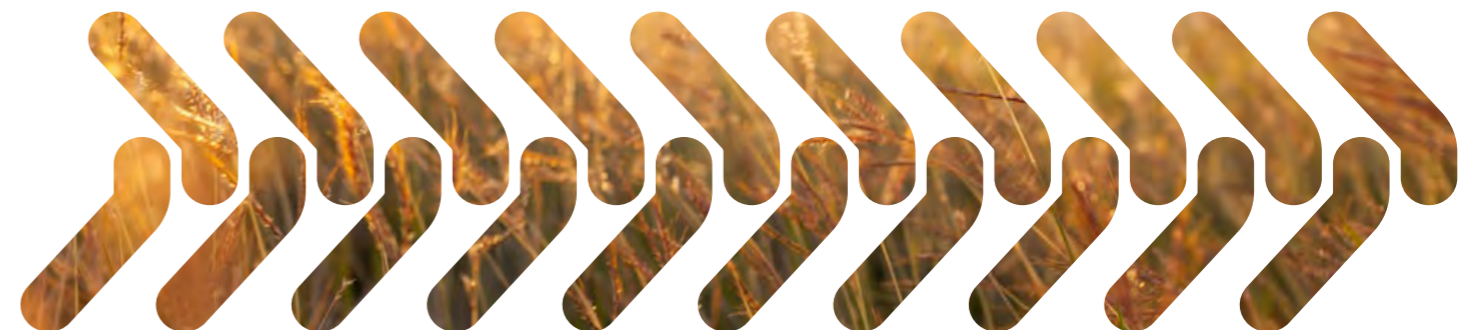
Executive directors and other executives, as well as selected senior managers, participate in an equity-based share incentive scheme, which is used for retention as well as long-term performance incentivisation. Subject to the approval of the board, Remco, at its discretion and based on the recommendation of the CEO, allocates shares to participants on an annual basis. The shares are forfeitable, subject to a vesting period of three years and performance criteria. Performance criteria include return on equity and growth in headline earnings per share (HEPS).

The shares are allocated to the Senwes Share Incentive Scheme Trust, which is governed by a board of trustees comprising Remco members and participant nominees. The compliance officer of the trust is mandated to ensure adherence to the trust deed and the scheme as contemplated in the Companies Act, 2008.

The aggregated number of shares which may be granted in terms of the scheme, may not exceed 5% of the total issued ordinary shares of the company, from time to time, over the duration of the scheme. The maximum number of shares awarded to any individual participant in respect of all unvested grants in terms of the scheme, shall not exceed 1% of the issued ordinary shares of the company, over the duration of the scheme, which currently equates to 1,8 million shares.

Discretion and judgement

The remuneration policy recognises that mechanistic and formulaic remuneration practices, whilst providing certainty and predictability, are not always appropriate in all circumstances. Remco and board discretion are important to ensure that remuneration practices and outcomes always remain appropriate, including circumstances that are not anticipated by the remuneration policy. This discretion must be exercised legally, ethically and justly.



Remuneration outcomes 2022 – 2023

Remuneration of executive directors

1.1. Service contracts of executive directors

| Position | Contract |
|-------------------------|---|
| Chief Executive Officer | 3-year fixed contract expiring 31/07/2025* |
| Chief Financial Officer | Full-time basis (permanent), effective from 01/02/2023* |

* Note that executive directors already appointed have fixed-term contracts with possible extension of contracts, but newly appointed executive directors are to be appointed on a full-time basis, as determined by Remco and approved by the board in 2018. Fixed-term contracts must be reviewed six months before the termination date to decide on extension or termination. During the period under review the Senwes Group appointed a new Chief Financial Officer.

1.2. Remuneration outcome

F Strydom (Chief Executive Officer)

| | 2023 | 2022 |
|-------------------------|------------|-----------|
| Guaranteed remuneration | 6 797 172 | 6 815 480 |
| Total STI-payment | 11 366 130 | 7 726 075 |
| Total LTI-expense | 5 227 746 | 4 384 549 |

1.3. Remuneration outcome

CR Klingenberg (Chief Financial Officer)

(Appointed: 1 February 2023)

| | 2023 | 2022 |
|-------------------------|---------|------|
| Guaranteed remuneration | 706 749 | - |
| Total STI-payment | - | - |
| Total LTI-expense | - | - |

Remuneration of non-executive directors

| Non-executive | 2023 | | |
|------------------------|-------------------------------|-------------------|---------------------------------------|
| | Total directors' remuneration | Remuneration | Travelling and accommodation expenses |
| SF Booysen | 1 052 880 | 1 033 261 | 19 619 |
| VJ Klein | 771 594 | 760 347 | 11 247 |
| AJ Kruger ¹ | 302 921 | 295 860 | 7 061 |
| NDP Liebenberg | 1 151 150 | 1 145 691 | 5 459 |
| GL Malherbe | 712 001 | 696 488 | 15 513 |
| JS Marais | 1 050 678 | 1 029 762 | 20 916 |
| FE Marx ² | - | - | - |
| JDM Minnaar | 1 889 920 | 1 852 723 | 37 197 |
| JJ Minnaar | 1 073 232 | 1 055 161 | 18 071 |
| SM Mohapi ² | - | - | - |
| JPN Stander | 963 787 | 903 126 | 60 661 |
| WH van Zyl | 737 064 | 726 908 | 10 156 |
| JJ Viljoen | 693 629 | 693 629 | - |
| AG Waller | 579 001 | 540 898 | 38 103 |
| Total | 10 977 857 | 10 733 854 | 244 003 |

| Non-executive | 2022 | | |
|------------------------|-------------------------------|-------------------|---------------------------------------|
| | Total directors' remuneration | Remuneration | Travelling and accommodation expenses |
| SF Booysen | 983 557 | 978 082 | 5 475 |
| VJ Klein | 685 517 | 682 676 | 2 841 |
| AJ Kruger ¹ | 814 845 | 812 890 | 1 955 |
| NDP Liebenberg | 1 057 402 | 1 054 828 | 2 574 |
| GL Malherbe | 637 972 | 633 414 | 4 558 |
| JS Marais | 926 769 | 912 116 | 14 653 |
| FE Marx ² | 152 470 | 152 470 | - |
| JDM Minnaar | 1 737 300 | 1 717 270 | 20 030 |
| JJ Minnaar | 904 736 | 896 032 | 8 704 |
| SM Mohapi ² | 206 124 | 206 124 | - |
| JPN Stander | 816 694 | 800 196 | 16 498 |
| WH van Zyl | 688 406 | 684 752 | 3 654 |
| JJ Viljoen | 626 715 | 626 715 | - |
| AG Waller | 464 344 | 458 358 | 5 986 |
| Total | 10 702 851 | 10 615 923 | 86 928 |

¹ Retired 24 August 2022.

² Retired 26 August 2021.

1.4. Remuneration outcome

D Bester (Interim Chief Financial Officer)

(Appointed: 1 August 2022 to 31 January 2023)

| | 2023 | 2022 |
|-------------------------|-----------|------|
| Guaranteed remuneration | 1 155 663 | - |
| Total STI-payment | 1 175 471 | - |
| Total LTI-expense | 341 982 | - |

1.5. Remuneration outcome

CF Kruger (Chief Financial Officer)

(Resigned: 31 October 2022)

| | 2023 | 2022 |
|-------------------------|-----------|-----------|
| Guaranteed remuneration | 2 815 047 | 3 830 595 |
| Total STI-payment | - | 4 632 847 |
| Total LTI-expense | 947 914 | 2 292 868 |

Summary of Remco activities

The subject of remuneration features high on the corporate governance agenda, amongst top issues such as strategy, risk and compliance management, financial performance, operational efficiencies and talent and leadership succession. Key matters relating to remuneration are reward and performance alignment, wage gaps and income differentials. Remco has these issues on its radar and evaluates them on an ongoing basis.

Remco considered the following and approved, or accordingly recommended it to the board for approval:

- The committee reviewed and approved the remuneration philosophy, policy, strategy and practices and is satisfied that the remuneration framework is appropriate for the achievement of organisational objectives of attracting and retaining the best talent and motivating performance and desired behaviour.
- The committee reviewed the salaries of executive directors and all staff and recommended an average increase of 5,5% in respect of general salary and wage increases for approval by the board.
- The committee considered the payment of short-term incentives based on the rules of the scheme and the achievement of set objectives. It was satisfied that rules are being complied with and with the accuracy of the performance measures and incentive amounts to be paid.
- The committee approved long-term incentive awards, as well as the payment of vesting incentives in line with the performance conditions as set out in the rules of the LTI-scheme.

- The committee approved participants in the equity-based long-term incentive scheme as well as the number of shares allocated to each participant.
- The committee reviewed and approved the succession plans for senior management, including emergency cover, continuity plans and development plans for current as well as potential successors. It took note of the overall organisational succession plans.
- The committee reviewed the group's performance with regards to employment equity in line with the approved talent diversification and employment equity strategy and plan, as well as compliance with the Employment Equity Act.
- The committee appointed Carl Klingenberg as the group's Chief Financial Officer, effective 1 February 2023, following the resignation of Corné Kruger, effective from 31 October 2022.
- The committee reviewed the contract of the Chief Executive Officer. This contract was renewed by the board for a term of three years, as indicated above.

Matters which were considered during the year under review and changed with a view to the future, include:

- External review of the STI-scheme (target setting and structure).
- External review of the LTI-scheme (alternative schemes available).

Looking forward

Remco continues to believe that the remuneration philosophy and policy support the strategic imperatives of the group. The committee welcomes the transparency required in terms of the King IV report and the committee endeavours to meet the requirements via this remuneration report.

Financial review





Report by the *Chief Financial Officer*

Group CFO
Carl Klingenberg

Results

Continued favourable agricultural conditions, coupled with strategic execution, efficiency programmes, and focus on optimal capital allocation, contributed to the Senwes Group's satisfactory results for the financial year ended 30 April 2023. These results reflect the underlying strength of our diversified business model, despite a challenging macro environment riddled with ongoing geopolitical conflict, supply chain challenges, persistent loadshedding, high interest rates and increasing cost pressure due to high inflation.

The group's revenue increased by 25,3% to R13 632 million (2022: R10 881 million), which is largely attributable to an increase in sales volumes through the equipment cluster, above-average commodity prices and the inclusion of the German operations which were acquired during the year under review.

Profits from normal operating activities (before corporate and consolidation items) increased by 42,3% to R1 503 million, up from R1 056 million in the previous financial year, with the operating margin improving to 11,0% (2022: 9,7%). During the year under review Senwes made its first international acquisition in the form of three adjacent John Deere agencies in East Germany. The German business performed as expected and its results were included in the group results for the ten months commencing on 1 July 2022.

Efficiency programmes remained a key focus area for management during the period under review. Operating expenses increased by 17,8%, mainly due to the inclusion of the German business in the current financial year, while on a like-for-like basis, expenses increased by 10,2%. Operational expenses and capital expenditure relating directly to loadshedding amounted to R27,97 million and R14,36 million respectively for the year under review, contributing to the above-inflation increase in expenses.

Profit after tax and non-controlling interest increased by 50,9% to R907 million, up from R601 million in the previous financial year. Normalised headline earnings per share (HEPS) increased by 40,2% to 558,1 cents per share (2022: 398,2 cents per share).

The group's cash generation remained strong during the period under review – cash from operating activities increased to R1 848 million, up by 41,9% from R1 302 million in the previous financial year.

Considering the satisfactory financial results, the healthy balance sheet as well as future earnings and

cash generation prospects, the board of directors declared a final dividend of 40 cents per share and a special dividend of 56 cents per share. With the interim dividend of 36 cents per share, the total dividend for the year amounts to 132 cents per share. It represents a dividend cover of 4,0 times from earnings per share, and a dividend yield on opening market price of 9,4%.

Normalised HEPS from acquisitions vs growth from the traditional Senwes Group

| | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|-------------|-------------|-------------|-------------|-------------|
| | R/share | R/share | R/share | R/share | R/share |
| From recent acquisitions (A) | 0,02 | 0,17 | 0,69 | 1,79 | 2,10 |
| Staalmeester (2019) | 0,02 | 0,04 | 0,04 | 0,04 | * |
| KLK Landbou (2020) | | 0,12 | 0,32 | 0,25 | 0,39 |
| Falcon (2020) | | 0,01 | 0,13 | 0,20 | 0,25* |
| Hinterland Group (2021) | | | 0,09 | 0,50 | 0,39 |
| Suidwes Group (2021) | | | 0,11 | 0,75 | 0,86 |
| Certisure Group (2022) | | | | 0,05 | 0,07 |
| SFL Holdings Group (2023)** | | | | | 0,14 |
| From Senwes traditional group (B) | 1,76 | 1,27 | 1,75 | 2,19 | 3,48 |
| Total normalised HEPS per share (group) (A+B) | 1,78 | 1,44 | 2,44 | 3,98 | 5,58 |

* Staalmeester merged with Falcon during the current year, effective from 1 May 2022.

** SFL Holdings is the German holding company of the operational entity S&L Connect.

The above table indicates the magnitude of the contribution from recent acquisitions in relation to the traditional Senwes Group in terms of normalised HEPS-growth. Normalised HEPS increased from R1,78 per share in 2019 to R5,58 per share in 2023, which translates to growth of 213,5% in HEPS over the 5-year period. The recent acquisitions contributed R2,10 per share (37,6%) and the traditional Senwes Group contributed R3,48 per share for the period under review.

“ This year's results reflect the success of long-term strategic execution and emphasises the underlying strength of our diversified business model, despite a challenging macro environment. ”

Group segmental results analysis

| | 2023 R'm | 2022 R'm |
|--|--------------|--------------|
| Market Access | 555 | 325 |
| Grain cluster | 555 | 325 |
| Input Supply | 606 | 481 |
| Equipment cluster | 376 | 233 |
| Retail cluster | 175 | 159 |
| Wholesale cluster | 55 | 89 |
| Financial Services | 190 | 153 |
| Credit cluster | 164 | 140 |
| Insurance and advice cluster | 26 | 13 |
| Processing, Conditioning and Markets | 152 | 97 |
| Manufacturing cluster | 105 | 88 |
| Meat cluster | 33 | 8 |
| Milling and petfood cluster | 14 | 1 |
| Profit from normal operational activities | 1 503 | 1 056 |
| Corporate costs | (160) | (131) |
| Consolidation, abnormal and sundry items | (16) | (55) |
| Profit after interest, before tax | 1 327 | 870 |
| Tax | (320) | (202) |
| Profit after tax, before NCI | 1 007 | 668 |
| Non-controlling interest (NCI) | (100) | (67) |
| Profit after tax | 907 | 601 |

Included in the segmental results is the proportional profit share from joint ventures and associates. The results of partially owned subsidiaries are fully consolidated and the minority shareholders' portion of profits is shown under non-controlling interest. The results per segment are discussed in detail below.

Market Access

Revenue ↑ 13,5% Operating profit ↑ 70,8%

| | 2023 R'm | 2022 R'm |
|---|-------------|-------------|
| Grain cluster | | |
| Storage and handling services (Grainlink) | 549 | 323 |
| Transport and logistics (Grainovation) | 4 | - |
| Electronic Silo Certificates (ESC: 50% share) | 2 | 2 |
| Net profit after interest, before tax | 555 | 325 |



Above-average rainfall delayed the 2022 harvesting season by four weeks, compared to the previous year's harvesting period being four weeks earlier than usual. However, this was countered by higher quantities of grain and oilseeds received, compared to the previous year. The quality of grain produced in localised areas was negatively affected by higher rainfall during the season.

Handling income was higher than the previous year due to 14,7% more grain received during the period under review. This included tonnages from the 2022 harvesting season as well as early deliveries from the 2023 harvesting season. Income from the drying of grain followed the same trend due to more maize received with a higher moisture content. Income from the sale of grain increased due to grain sold at higher average South African Futures Exchange (SAFEX) prices compared to the previous year.

Efficiency programmes and cost-saving initiatives were implemented during the year, which resulted in a decrease in operating expenses compared to the previous year, amid high inflation, increases in load-shedding-related costs and higher variable costs in line with increased volumes.

Input Supply

Revenue ↑ 30,5% Operating profit ↑ 26,0%

| | 2023 R'm | 2022 R'm |
|---|-------------|-------------|
| Equipment cluster | | |
| Large and self-propelled machinery (Senwes Equipment) | 238 | 150 |
| Southern and Eastern Cape - partnership in respect of large equipment (JDI) | 30 | 28 |
| Large machinery dealerships in Germany (S&L Connect) | 36 | - |
| Total large equipment | 304 | 178 |
| Medium-sized machinery (Falcon) - includes Staalmeester as merging entity from 1 May 2022 | 57 | 48 |
| Small machinery (Staalmeester) | - | 6 |
| Automotive (KLK Landbou) | 15 | 1 |
| Profit after interest, before tax | 376 | 233 |

Positive cash flows from higher commodity prices and higher yields experienced by the Senwes client base, resulted in continued record equipment sales (including more sales of higher-value machinery) and stable margins.

Large and medium-sized machinery sales increased compared to the previous year, mainly due to high-value seasonal orders, which were previously delayed due to ongoing global supply chain disruptions and Russia's invasion of Ukraine, which only realised during the current year.

The equipment cluster launched the John Deere Construction & Forestry range during the previous financial year. This division is still establishing its market share and is not meeting expectations as yet.

Higher equipment rental income was generated during the year from the rental business, which contributed positively to the results.

Senwes acquired three John Deere dealerships in East Germany during the current year. The dealerships were merged into a single operational company, S&L Connect. The merged business is essentially similar to Senwes Equipment in terms of business model, structure, industry and product offering. A profit was delivered for the first ten months and included in the group results from the effective date (1 July 2022). The weaker performance of

the average rand/euro exchange rate during the year, positively impacted these consolidated earnings.

The non-core automotive division of KLK was sold during the year. Included in the above results is profit from the sale of this business amounting to R12,9 million.

| | 2023 R'm | 2022 R'm |
|--|-------------|-------------|
| Retail cluster | | |
| Senwes area of responsibility (Hinterland Group) | 105 | 97 |
| KLK area of responsibility (KLK Landbou) | 70 | 62 |
| Profit after interest, before tax | 175 | 159 |

Hinterland's results increased compared to the previous year, which is largely attributable to increased gross profit realised on fertiliser. This was due to lower volumes sold, because of price increases and optimised capital allocation programmes implemented during the period under review. KLK's retail division reflected an increase in profit compared to the previous financial year, mainly due to increased sales volumes.

The fuel division realised lower profits because of lower sales volumes. In addition, regulatory price and margin adjustments also had a negative impact.

| | 2023 R'm | 2022 R'm |
|--|-------------|-------------|
| Wholesale cluster | | |
| Wholesale distributor (Agrinet) | 25 | 57 |
| Pest control (Protek) | 30 | 32 |
| Profit after interest, before tax | 55 | 89 |

Various factors contributed to the decrease in Agrinet's profitability compared to the previous year. These factors mainly included: the slow-down in the economy caused by rising oil and food prices, the South African Commercial Catering and Allied Workers Union (SACCAWU) strike, rising interest rates and the impact of Botswana Bureau of Standards (BOBS) legislation on Botswana-based clients.

Protek's results decreased from the previous year, mainly due to high oil prices, which directly contributed to considerable increases in fertiliser prices which Protek had to absorb, and lower margins were realised.

Financial Services

Revenue ↑ 25,3% Operating profit ↑ 24,2%

| Credit cluster | 2023 R'm | 2022 R'm |
|--|-------------|-------------|
| Credit (Agri Credit Solutions) | 164 | 140 |
| Profit after interest, before tax | 164 | 140 |

The new season hectares financed are 16% lower than the previous season due to the improved cash flow positions of most clients who could purchase some inputs, such as fertiliser, utilising surplus cash rather than financing. The implementation of the capital allocation strategy also contributed to a lower average credit book but ensured higher returns on capital employed. Loans in arrears decreased, which resulted in a lower than expected credit loss provision compared to the previous year.

| Insurance and advice cluster | 2023 R'm | 2022 R'm |
|--|-------------|-------------|
| Insurance brokers (Certisure Group) | 18 | 11 |
| Wealth management (SS Wealth) | - | (1) |
| Insurance fund | 5 | 1 |
| Underwriting cell captive | 7 | 4 |
| Digital transformation | (4) | (2) |
| Profit after interest, before tax | 26 | 13 |

Certisure Group's results increased by 63,6%, compared to the previous year. The improvement was largely driven by increased commission earned on crop insurance because of higher crop values (due to higher commodity prices) and more hectares insured.

Senwes exited from the Molemi Sele joint venture (JV - 35,6% share) effective from 1 November 2022. Subsequently, the Senwes portion of the book previously included in the JV was transferred to a new cell captive which is 100% owned by Senwes.

Processing, Conditioning and Markets

Revenue ↑ 3,9% Operating profit ↑ 56,7%

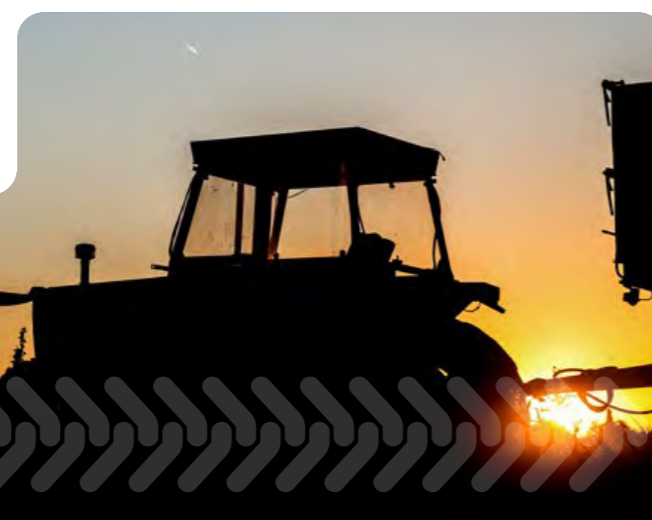
| Manufacturing cluster | 2023 R'm | 2022 R'm |
|--|-------------|-------------|
| Lime production (Bastion Group: 50% share) | 12 | 14 |
| Seed processing (Senwes Seed) | 1 | 3 |
| Raisin conditioning (Carpe Diem Raisins Group) | 73 | 54 |
| Laboratory services (NviroTek) | 19 | 17 |
| Profit after interest, before tax | 105 | 88 |

The Bastion Group's results decreased compared to the previous year due to lower volumes of lime sold. However, the 2023 results will be the second-best result in the history of the Bastion Group with 2022 being the best.

The Senwes Seed business was sold to ZAR Seed Production (Pty) Ltd (part of the Zeder Group) effectively from 1 February 2023. The sale of the property will take place during the 2023/24 financial year.

Carpe Diem Raisins Group performed better than the previous year, largely because of higher average dollar selling prices per ton. The weakening rand/dollar exchange rate positively impacted margins and profit. The volume of raisins sold marginally increased, compared to the previous year.

NviroTek's results increased compared to the previous year due to an increase in the volume of samples received. The average price per analysed sample also increased because of an uptick in higher-value samples received during the year.



| Meat cluster | 2023 R'm | 2022 R'm |
|---|-------------|-------------|
| Meat, skins and hide processing (KLK Meat and SA Dorper: 50% share) | 33 | 8 |
| Profit after interest, before tax | 33 | 8 |

SA Dorper performed better than the previous year since more skins and hides were sold at higher average dollar prices and margins per skin. The weakening rand/dollar exchange rate had a positive impact on SA Dorper's margins and profit.

During the year KLK's livestock auctioneering businesses were sold. Included in the above results is the profit from the sale of these businesses to the amount of R5,8 million.

| Milling and petfood cluster | 2023 R'm | 2022 R'm |
|---|-------------|-------------|
| Food and beverage processing (Botselo Group: 34,9% share) | 10 | 4 |
| Food processing (Africum Mills) | - | (4) |
| Petfood (Africum Agripet and Supreme Pet) | 4 | 1 |
| Profit after interest, before tax | 14 | 1 |

The milling cluster's results increased compared to the previous year due to an increase in volumes sold. However, margins were under pressure as result of high commodity prices.

The petfood business was disposed of during the 2021 financial year. However, two years' income will still be earned from the transaction in terms of a supply agreement.

Normalised headline earnings and reconciliation of profit growth

Normalised headline earnings

| | % Change | 2023 R'm | 2022 R'm | 2021 R'm | 2020 R'm | 2019 R'm |
|--|--------------|--------------|-------------|-------------|-------------|-------------|
| Profit before tax and NCI | 52,5% | 1 327 | 870 | 749 | 446 | 398 |
| Tax | 58,4% | (320) | (202) | (176) | (109) | (115) |
| NCI | 49,3% | (100) | (67) | (69) | (34) | (2) |
| Profit after tax and NCI | 50,9% | 907 | 601 | 504 | 303 | 281 |
| Adjusted by: | | | | | | |
| • Gain on bargain purchase of investment | | - | - | (102) | (56) | - |
| • Gain/(loss) on the disposal of investment in joint venture | | (2) | 10 | (28) | - | - |
| • Impairments/(reversal of impairments) of investments, loans, intangible assets and PPE | | 37 | 59 | (9) | (12) | - |
| • Impairment of goodwill | | 2 | 8 | 29 | 12 | - |
| • Legal and consultation fees | | 17 | 16 | 15 | 6 | 16 |
| • Restructuring costs | | - | - | 11 | - | - |
| • Other items and tax impact | | 1 | (5) | - | (7) | (2) |
| Normalised headline earnings | 39,6% | 962 | 689 | 420 | 246 | 295 |

The profit before tax and non-controlling interest (NCI) increased by 52,5% to R1 327 million, up from R870 million the previous year, while earnings after tax and NCI also increased. After the adjustment of all abnormal

once-off items, normalised headline earnings amounts to R962 million, which is 39,6% higher than the R689 million of the previous financial year. A return on opening equity of 27,4% (2022: 20,5%) was achieved by the group.

Reconciliation of profit growth

| | |
|--------------------------------------|-------|
| Profit after tax 2022 | 601 |
| Market access | 230 |
| Equipment - Local | 107 |
| Equipment - Europe | 36 |
| Retail cluster | 16 |
| Wholesale cluster | (34) |
| Financial services | 37 |
| Processing, conditioning and markets | 55 |
| Corporate costs and consolidation | 10 |
| Increase in tax | (118) |
| Increase in non-controlling interest | (33) |
| Profit after tax 2023 | 907 |



Balance sheet analysis – simplified statement of financial position

| | 2023 R'm | 2022 R'm |
|-------------------------------------|---------------|---------------|
| Assets | | |
| Property, plant and equipment | 2 761 | 2 315 |
| Goodwill and intangible assets | 255 | 161 |
| Investments in JVs and associates | 101 | 110 |
| Inventory | 2 872 | 1 941 |
| Derivative financial instruments | 72 | 595 |
| Debtors and receivable loans | 5 733 | 5 701 |
| • Long-term | 1 103 | 1 300 |
| • Short-term | 4 630 | 4 401 |
| Agency inventory | 126 | 47 |
| Cash | 361 | 87 |
| Other | 130 | 154 |
| Total assets | 12 411 | 11 111 |
| Equity and liabilities | | |
| Own equity | 4 091 | 3 316 |
| Non-controlling interest | 519 | 424 |
| Long-term debt | 1 532 | 1 535 |
| Short-term debt | 3 023 | 4 059 |
| Creditors | 2 203 | 1 303 |
| Bank overdraft | 286 | 89 |
| Derivative financial instruments | 364 | 59 |
| Other | 393 | 326 |
| Total equity and liabilities | 12 411 | 11 111 |
| Net asset value per share | R23,37 | R19,48 |
| Gearing ratio | 96% | 147% |

How we fund

Own equity increased by R775 million, while short-term loans and bank overdraft decreased by R839 million. Creditors increased by R900 million. This is explained as follows:

5 The utilisation of the current facilities decreased by R839 million mainly due to positive free cash flow realised during the year, which enabled the group to decrease liabilities.

6 The higher inventory levels of the equipment cluster led to higher floorplan finance compared to the previous year. The acquisition of SFL Holdings Group also contributed to higher creditors balances at year-end.

3 The net pre-season contracts on 30 April 2023 were priced higher than the closing SAFEX price, leading to a net liability recognised with no exposure for Senwes. In the prior year the net pre-season contracts were priced lower than the closing SAFEX price, leading to an exposure of R941 per ton on 30 April 2022.

4 Term loans decreased due to the repricing of these loans and the phasing out of stand-alone term loans as part of the group's optimal capital allocation strategy. Trade debtors increased compared to the previous year, mainly due to increased raisin selling prices and volumes, together with the earlier than anticipated raisin harvest and logistical delays impacting delivery times, leading to higher debtor levels. Furthermore, the increased spending capacity of the client base on agricultural equipment resulted in positive sales activity, while the acquisition of SFL Holdings Group also contributed to increased debtors.

Capital allocation

Capital is mainly allocated to capital projects, credit extended to producers, machinery, retail stock and working capital for expansion into new markets. Material movements can be explained as follows:

1 Property, plant and equipment have increased since 30 April 2022, mainly due to the business combination of the three John Deere dealers located in East Germany (SFL Holdings Group) contributing R360 million to the consolidated balance. Other significant additions during the year include retail branch upgrades, new grain cleaning machines, capital

expenditure directly relating to load-shedding and manufacturing equipment at Carpe Diem Raisins.

2 Equipment inventory levels increased significantly from the previous year to guarantee stock availability, given longer lead times on orders, and to ensure the group's ability to meet higher demand as a result of the increased spending capacity of the client base. The newly launched John Deere Construction & Forestry range and the acquisition of SFL Holdings Group also contributed to higher stock levels in the current year.



Future expectations

The business environment is expected to weaken over the next 12 months, due to a higher inflation and interest rate environment, the impact of persistent loadshedding and a looming El Niño which could lead to below-average rainfall and higher temperatures over the production area.

The weakening business environment will mainly impact the input supply channel. The quality and size of the harvest on hand should offset the weaker environment, enabling favourable results for the market access channel. Given the group's focus on optimal capital allocation, the financial services channel is anticipated to deliver satisfactory results. The processing, conditioning and markets segment should, in most of its operational units, also benefit from higher volumes and higher selling prices. S&L Connect, the group's German equipment operations, is anticipated to continue its positive contribution to group results. We could potentially see additional revenue and profit growth, upon the conclusion of acquiring a fourth agency in East Germany.

The group has sufficient access to cash resources and existing facilities to fund all operational cash flow requirements. The group's balance sheet further underpins its sound financial position and provide a solid foundation to execute its long-term strategy. Disciplined capital allocation to value-accretive opportunities that align with our long-term strategy and exceed hurdle rate requirements will, however, still enjoy sustained focus in the new financial year, to ensure optimal balance sheet utilisation by and returns from the group's business portfolio.

Following the substantial expansions experienced by the group over the past five years, an internal integration and consolidation phase will follow during the upcoming financial period. Attention will be afforded

to the harvesting of synergies, internal optimisation and efficiency programmes, as well as reorganisation of the group, where necessary, in such a manner as to position it optimally for growth. A significant amount of capital expenditure will go towards investing in alternative energy solutions over the next five years, to ensure the derisking of the group's energy base in view of the fragile national electricity grid.

It remains an objective to create long-term value for all stakeholders in the group and therefore organic growth, and merger and/or acquisition opportunities will be pursued, provided these opportunities align with this objective. In addition, maintaining sustainable dividend payouts remains part of the group's value creation mindset.

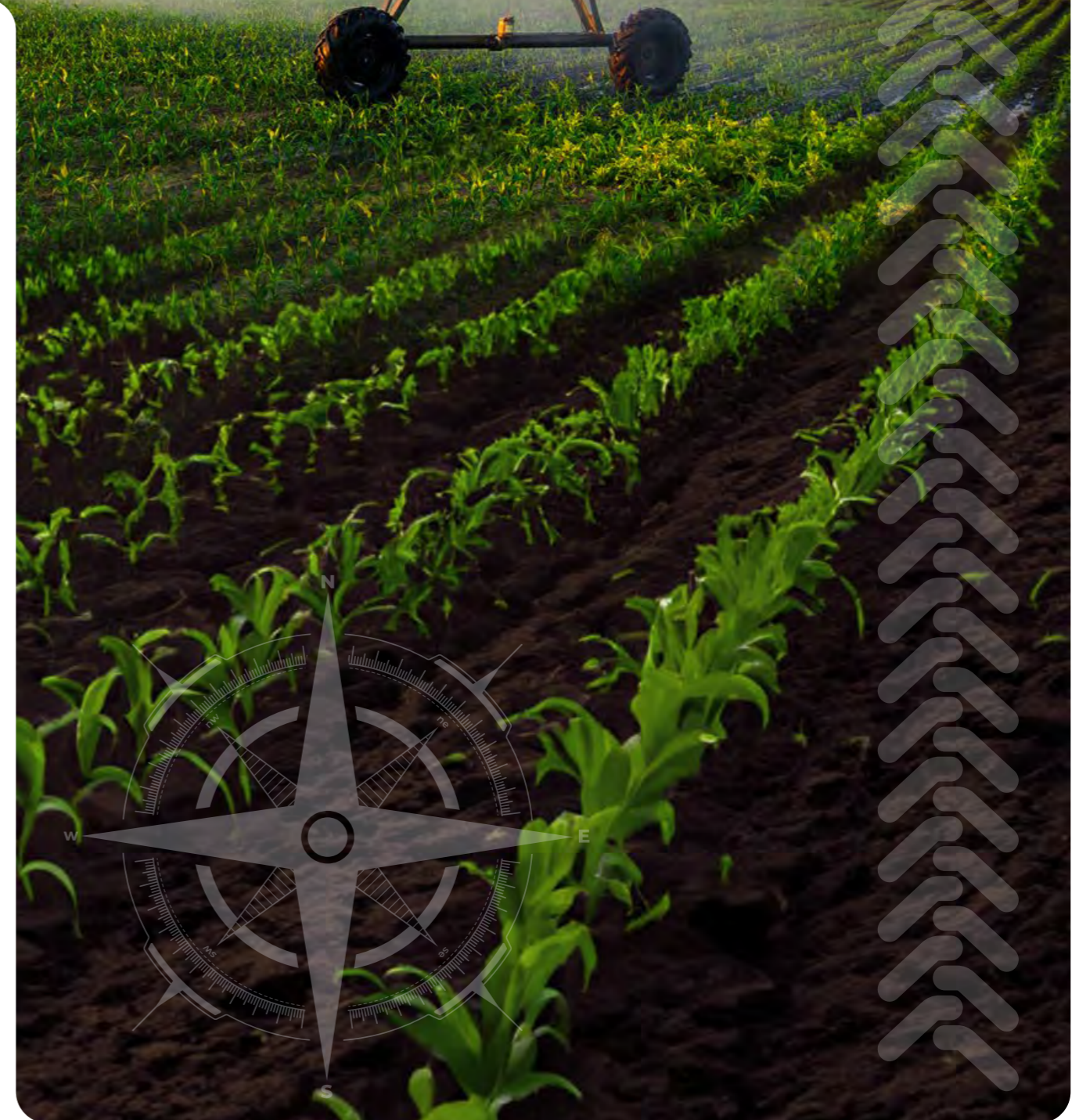
Closing remarks

The greater the challenges, the greater the opportunities for growth. I would like to extend my gratitude to all our stakeholders for their unwavering commitment to facing challenges head-on and converting them into opportunities, hence ensuring the creation of sustainable, long-term value.

When we look back on the past financial year, we are humbled by the grace and blessings of God. May we seek His will each day.


Carl Klingenberg

Group Chief Financial Officer
27 June 2023
Klerksdorp



Managing risk

in the agricultural sector

Rebalancing of risk and reward

The World Economic Forum's (WEF) latest Global Risks Report identifies the key risks facing the world over the next decade. For the next two years, the cost-of-living crisis is seen as the biggest risk, while over the next 10 years, environmental risks dominate. The interconnectedness of global risks and crises is giving rise to the threat of 'polycrises' (multiple crises occurring simultaneously, where the overall impact exceeds the sum of each part) in the years ahead.

On the one hand, there is a return of "older" risks – similar to the low-growth, high-inflation, energy-volatile, low-investment era of the 1970s against the backdrop of the Cold War – that are understood historically but experienced by few in the current generation of business leaders and public policymakers. In parallel, there are relatively new developments in the global risk landscape: historically high levels of public and private debt, the evermore rapid pace of technological development, the growing pressure of the impact of climate change as well as the dire future outlook. Together, these are converging to create unique, uncertain and turbulent times.

The agricultural industry is not without risk or concern either, with the Agbiz agri-business confidence index continuing to decline. After a 4-point decline in Q4 2022, the Agbiz/IDC Agribusiness Confidence Index

(ACI) deteriorated further by five points in Q1 2023 to 44. The current reading is the lowest since Q2 2020, when Covid-19 lockdown restrictions were first implemented. Notably, the first quarter reading is below the neutral 50-point level, implying that agri-businesses are downbeat about business conditions. The persistent and intense episodes of loadshedding, higher input costs, rising protection in some export markets, rising interest rates, intensified geopolitical tensions which disrupted supply chains, ongoing weaknesses in municipal service delivery and network industries were again the key factors survey respondents cited as their primary concerns.

Senwes chooses to actively manage its risks by following an Enterprise-wide Risk Management (ERM) framework, which provides a framework for our management to effectively deal with uncertainty and associated risks and opportunities, thereby enhancing our capacity to create value.

No entity operates in a risk-free environment and ERM does not create such an environment. ERM rather enables management to operate more effectively in environments filled with risks. It cannot and does not operate in isolation within Senwes, but rather as an enabler of the management process.

Our ERM-framework is based upon four critical risk activities

01

Ensuring risk governance

ERM is interrelated with corporate governance by providing information to the board on the most significant risks and how they are being managed through the Risk Committee. It is therefore crucial that we utilise and optimise our risk resources which include our employees, risk management technology and liaison network.

02

Enhancing the risk culture

Risk management is deeply rooted in the culture of Senwes and its strategic and tactical intent. The responsibility and accountability for risk management reside at all levels of the organisation, from its board down to each business manager and employee.

Being risk aware requires that management considers information about internal and external environments, deploys precious resources and recalibrates enterprise activities to changing circumstances.

03

Enterprise-wide risk-based strategy

Management considers the entity's risk appetite first in evaluating strategic alternatives, then in setting objectives which are aligned with the selected strategy. Thereafter, mechanisms are developed to manage the related risks.

Risk appetite therefore guides resource allocation and assists us in aligning the organisation, people and processes in designing the infrastructure required to effectively respond to and monitor risks.

04

Managing the risk process

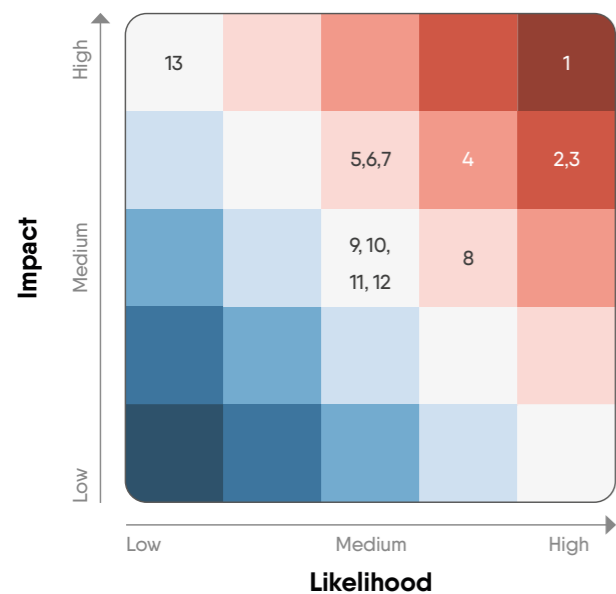
The group has a formal risk assessment process in place through which risks and mitigating management actions are identified, assessed, monitored and reported on.

Our core strategic focus area as part of the risk management process remains the ability to respond to risks by ensuring multiple response plans per risk category.

Senwes' material risks

Senwes deems its risk management practices as being effective. These practices fully acknowledge the volatile agricultural industry and our need to be more agile, smarter, more effective, proactive, forward-looking and, at the same time, the importance of being appropriately responsive.

All risks are residually quantified and the heatmap provides an overview of the risk rating in terms of impact and probability, after considering the existing mitigating control measures.



| Rank | Risk name | Matrix Evaluation |
|------|---|-------------------|
| 1 | Political and economic climate risk | Critical |
| 2 | Weather and climate risk | Critical |
| 3 | Credit, liquidity and market risk | Critical |
| 4 | Theft and fraud risk | Critical |
| 5 | Market size and market share risk | Critical |
| 6 | Commodity price risk | Critical |
| 7 | Information technology - systems and cyber risk | Critical |
| 8 | Urbanisation, scarcity and retention of skills | Critical |
| 9 | Transition and customer risk | Medium - High |
| 10 | Unique competitor risk | Medium - High |
| 11 | Environmental and health and safety risk | Medium - High |
| 12 | Diversification and agricultural industry risk | Medium - High |
| 13 | Regulation and compliance risk | Low |

| Evaluation Range | Matrix Evaluation |
|------------------|-------------------|
| Low | Low |
| Medium - High | Medium - High |
| Critical | Critical |



Material risks

and opportunities

1. Political and economic climate risk (including loadshedding)



Risk trend: ↑

Description

The group and the agricultural sector could be negatively impacted by political decisions, civil unrest, high unemployment rates, mismanagement of state-owned enterprises (SOEs) (electricity and water), volatile exchange rate movements and unsustainable growth. Various policy changes impacting the agricultural sector could severely impact the group's strategic intent.

The most significant political threat to the group and industry remains the policy of land expropriation without compensation. Furthermore, the impact of the Russia/Ukraine war and the resultant effect on input prices including fuel, commodity prices, inefficient and delayed logistics within the value chain and food security remain the drivers of this risk.

The year under review saw global inflation rates soar with subsequent interest rate hikes to mitigate the inflation risk. This brings about its own challenges as the WEF-Global Risk Report has shown where the cost-of-living crisis ranks as the top short-term risk.

Mitigation and control

Senwes utilises agricultural land owned by producers to secure credit extension to these clients. In the event of agricultural land being nationalised or expropriated without compensation, the value of agricultural land will diminish and nullify the value of the security held by Senwes against outstanding debt. This risk can only be accepted and cannot be mitigated.

Senwes continues to actively play its part within the agricultural and food value chain and will continue to provide innovative and integrated solutions to our customers to enable them to do their business.

Opportunities

- Externalisation and/or diversification into new markets and/or lower risk jurisdictions.
- Optimising our electricity base and building and growing our alternative energy source to further derisk our reliance on the South African electricity grid.
- Increased focus on the development of solutions which aim to reduce the impact of political and economic challenges for both the Senwes Group and its customers.
- Engagement at political/government level to aid in the formulation and roll-out of sustainable solutions to navigate South Africa's political and economic challenges.

Strategic focus areas triggered

- Diversification, horizontal integration and consolidation.
- Reorganisation of business models.
- Increased investment in efficiencies within the value chain.
- Externalisation.

For more information on the group strategy, see



2. Weather and climate risk



Risk trend: ↑

Description

The group is dependent on favourable weather conditions for sustainable agricultural production and producer profitability. The seasonality of weather and climate changes is not linked to a financial or calendar year and could therefore negatively impact the group over consecutive years.

Mitigation and control

Senwes is indirectly exposed to income volatility due to adverse weather and climate events. These events influence the volume of grain produced in the Senwes area of operation, subsequently reducing storage income and producer profitability. The income volatility of a catastrophic climate event is partly mitigated by using certain derivative instruments and models as well as through cyclical diversification (e.g. Germany expansion).

Opportunities

- Externalisation and/or diversification into new, counter-cyclical markets and/or commodities.
- Fully understand and model the impact of weather and climate risk from the producer's point of view, and tailor the group's solution offering to mitigate the impact of these risks.

Strategic focus areas triggered

- Diversification, horizontal integration and consolidation.
- Increased investment in efficiencies within the value chain.
- Externalisation.

For more information on the group strategy, see



3. Credit, liquidity and market risk



Description

The profile of the credit book with regards to concentration and geographical risk remains a risk factor. The changes in the risk environment include, amongst others, the volatile changes in input costs and the effect it has on the credit exposure. Weather risks also added to the risk exposure with regards to the quality of the maize crop during the 2022/23 marketing season. Changes in commodity production patterns increased soybean production in the Senwes area of operation, which further impacted the credit book due to lower input costs in respect of soybean production.

The Senwes Group is also exposed to medium-term liquidity and volatile interest rate changes. Market risk includes the repricing of the South African economy or the fact that the country has been placed on the grey list by the Financial Action Task Force (FATF) for falling short of certain international standards for the combating of money laundering and other serious financial crimes. The earliest possible time for the reversal of SA's greylisting is October 2025.

Volatile commodity price changes also pose a significant risk in respect of liquidity, cash flow and bank covenants in the short term due to the margin payments on hedged market positions.

Mitigation and control

The potential credit concentration risk mainly relates to debtors. Debtors consist of many clients, spread over different geographic areas. Credit is extended in accordance with the credit policy of the group. Prudent credit evaluation processes are strictly adhered to. The group continuously focuses on managing its balance sheet to be naturally hedged against fluctuating interest rates to a large extent, through ensuring that interest-bearing debt is mainly utilised for interest-earning assets, both at floating interest rates.

Liquidity risk is actively managed with all financiers and the group remains within the required risk covenant levels. Liquidity and balance sheet management are seen as a strategic enabler for the group.

Optimal capital allocation and monitoring of both capital employed and capital invested, are seen as a key strategic enabler and received specific focus by the Asset and Liability Committee (ALCO). Furthermore, focus is being placed on improving the group's own capital ratio, which should create funding opportunities for future growth transactions.

Opportunities

- Improved allocation of all resources, including capital, funding and investments. Implementing more refined calculations of returns/profitability – considering return ratios such as return on invested capital (ROIC), return on capital employed (ROCE) and free cash flow in decision-making with regards to capital allocation.
- Diversification and/or expansion into new, lower risk and counter-cyclical markets or commodities.
- Formulation and rolling-out of new and adapted solutions which aim to mitigate credit, liquidity and market risk.

Strategic focus areas triggered

- Diversification, horizontal integration and consolidation.
- Reorganisation of business models.
- Externalisation.

For more information on the group strategy, see



4. Theft and fraud risk



Description

The economic climate gives rise to theft and fraudulent activities, especially involving high-value commodities such as grain and production inputs. The diversified nature of the group's activities also increases the possibility of theft and fraud. This is exacerbated by the complexity of certain activities which require special control measures.

Mitigation and control

A focus on business processes, a culture project, best practice-aligned appointment practices and the upgrading of physical control measures are some of the management actions implemented to mitigate the risk to an acceptable level. The code of conduct is embedded in the risk culture of the company, which contributes to the mitigation of this risk.

Opportunities

- Develop and/or optimise the group's code of conduct and ethics processes, also by utilising the latest technology in this regard.
- Strengthen the group's anti-theft and anti-fraud culture by means of continuously raising awareness and training personnel as well as optimising and adapting response processes and penalty proceedings in this regard.

Strategic focus areas triggered

- Reorganisation of business models.

For more information on the group strategy, see

5. Market size and market share risk



Description

Increased commodity prices and input costs have changed the market size dynamics in terms of commodity production. Market supply and demand dynamics would need to continuously adjust in order to sustain the expected change in the mix of commodity production.

The national tractor market specifically experienced a record increase in market size, namely from 7 868

units in the 2021 calendar year to 9 181 units in 2022 (16,7% increase).

Mitigation and control

The group's continued investment in technology and infrastructure at its business units remains a focus area with a view to increasing market share by means of offering a more attractive value proposition to clients.

Opportunities

- Consolidation and/or expansion to achieve critical mass and market share growth.
- Continuous research, innovation, evaluation and, where necessary, improvement of the group's core activities and solutions, to maintain a competitive advantage and grow market share.

Strategic focus areas triggered

- Diversification, horizontal integration and consolidation.
- Internal integration of the customer.
- Increased investment in efficiencies within the value chain.
- Externalisation.

For more information on the group strategy, see



6. Commodity price risk



Description

Volatile commodity markets such as grain, oilseeds, fertiliser, steel and oil have an impact on the entire agricultural value chain. The prices of most primary input products, such as fertiliser and fuel, saw a decline in the second half of the year while seed prices increased. Global commodity prices also started to decline in the latter part of the year.

Mitigation and control

The group uses derivative instruments to manage and hedge exposure to commodity price risk. In accordance with the group's risk management policy, only minimal unhedged market positions exist from time to time. The hedging instruments used consist of soft commodity futures contracts as well as option contracts.

Opportunities

- Continuous development and optimisation of the group's hedging instruments.
- Development and rolling-out of tailor-made solutions (hedging and pricing strategies) which aim to manage/mitigate commodity price risk for producers and optimise their cash flow positions and profitability.

Strategic focus areas triggered

- Reorganisation of business models.
- For more information on the group strategy, see*
-

7. Information technology – systems and cyber risk



Description

The company relies heavily on technology and innovative system developments. The main risks relate to security, archiving, capacity, data integrity, relevance, integration and adaptability.

Mitigation and control

An IT-strategy and management committee is in place and formal change, project and integration management are applied. Furthermore, extensive business and IT-disaster recovery processes have been established. Continuous focus is placed on IT-governance and improving the maturity of systems.

Opportunities

- Continuous internal system development structured in a manner that ensures long-term sustainability, strengthens cyber security and data integrity, enables effective integration and ensures effortless adaptability in line with the group's strategic evolution.

Strategic focus areas triggered

- Reorganisation of business models.
 - Unlocking value synergies.
- For more information on the group strategy, see*
-

8. Urbanisation, scarcity and retention of skills



Description

The group is exposed to rural and/or agricultural areas, not only with regards to business operations, but also with regards to the scarcity of skills required in these areas.

The recruitment and retention of right-fit employees are challenges in the industry and for Senwes. The rural operating areas of Senwes add to the risk exposure in this regard.

Mitigation and control

Our integrated skills development framework guides proportionate, yet balanced, investment in various skills development categories across all levels of the organisation. The framework sets clear guidelines for employees to acquire the full spectrum of training, ranging from technical to job-specific skills, without neglecting the need for personal growth, people skills and leadership development.

Opportunities

- Optimisation of skills development and retention programmes, as well as succession planning strategies.
- Rethinking the group's entire talent and skills sourcing model – considering alternative methods (contracts/contingencies, remote work, crowd sourcing, etc) to attract and retain talent and adopting the changes necessary to mitigate risks associated with skills scarcity and retention.
- Define, develop and sell a working environment which balances the key attractive factors of urbanisation with the benefits of living in rural areas.

Strategic focus areas triggered

- Diversification, horizontal integration and consolidation.
- Reorganisation of business models.
- Unlocking value synergies.
- Increased investment in efficiencies within the value chain.
- Externalisation.

For more information on the group strategy, see



9. Transition and customer risk



Risk trend: =

Description

The group is exposed to agri-technological quantum leaps, alternative storage and evolving customer needs/priorities, which could lead to a paradigm shift in agriculture. Clients are consolidating (increasing in size) and are increasingly fulfilling the role of agri-businesses themselves. Digitalisation is also gaining momentum. The group's sustainability is at risk without transition and diversification.

Mitigation and control

Senwes still believes in strong client relationships and continuously attempts to improve these relationships. Customer needs and our ability to fulfil such needs remain high on the group's agenda.

The group established a digital transformation unit, with the objective of leading initiatives aimed at digitally matching supply and demand.

Alternative storage structures are addressed by innovative market transactions and by investment in technology and infrastructure at the silos.

Opportunities

- Expand and optimise customer research and the customer intelligence database of the group to enable the proactive development of solutions, to prevent the group from being bypassed in the process where a customer needs to seek a solution to fit his/her needs elsewhere in the market.
- Leverage the group's already strong client relationships to improve the alignment of the group's offering with clients' needs.
- Development of solutions that will enable the group's transition to business partner of choice for its clients.

Strategic focus areas triggered

- Diversification, horizontal integration and consolidation.
- Internal integration of the customer.
- Reorganisation of business models.
- Unlocking value synergies.
- Increased investment in efficiencies within the value chain.
- Externalisation.

For more information on the group strategy, see

10. Unique competitor risk



Risk trend: ↑

Description

The group operates in a competitive environment. Innovation and market penetration strategies throughout the agricultural value chain on the part of our competitors (local and international), could have an adverse effect on market share and the group's results.

Mitigation and control

Senwes is exposed to competitors and innovative strategies and capital investments have been made to retain and grow market share.

Opportunities

- Continuously challenge the status quo to ensure that the group is always aware of its exposure to unique competitor risk and the fact that it can mitigate the necessary risks by means of the correct counteracting balance of defensive and/or offensive strategic actions.
- Outside-the-box-thinking to enable the development and provision of new/alternative (non-traditional) solutions, i.e., optimising the group's solution offering in such a manner that it ensures an unquestionable competitive edge.
- Continuously evaluate partnerships (e.g., suppliers, joint venture partners, etc.) across the group with regards to their contribution in ensuring/enhancing the group's competitive advantage.
- Increased participation in the parts or industries of the value chain where the group has never been involved and which could aid in mitigating the impact of unique competitor risk.

Strategic focus areas triggered

- Diversification, horizontal integration and consolidation.
- Internal integration of the customer.
- Reorganisation of business models.
- Unlocking value synergies.
- Increased investment in efficiencies within the value chain.
- Externalisation.

For more information on the group strategy, see

11. Environmental and health and safety risk



Risk trend: =

Description

The risk trend declined mostly due to the impact of the global Covid-19 pandemic and subsequent termination of the national state of disaster. However, the global risks for the economy brought about by the Covid-19 pandemic remain high on the risk register.

The group is also subject to compliance requirements relating to employee health and safety, environmental and quality assurance.

Mitigation and control

Operations, the safety of grain as a core product and the handling thereof are continuously assessed by Senwes through a hazard critical control point (HACCP) and quality management system. Senwes also incorporates a fully functional SHEQ-department to enable the policy environment, effective structures, education and training, empowering employees to make judgement calls and enforcing rules and regulations.

Opportunities

- Develop and optimise the group's environmental, health and safety and compliance and assurance processes and systems, also through the utilisation of the latest technology in this regard.
- Strengthen the group's environmental and health and safety compliance culture through continuously upskilling and training personnel as well as optimising and adapting development programmes in this regard.

Strategic focus areas triggered

- Reorganisation of business models.

For more information on the group strategy, see

12. Diversification and agricultural industry risk



Risk trend:

Description

Senwes is exposed to limited growth opportunities, especially in the local agricultural sector. The group and industry could reach a level of maturity that would increase the difficulties associated with volume and profit growth.

Mitigation and control

Senwes continues to work on its rolling 10-year strategy. The focus of our strategy is diversification, horizontal integration and local consolidation, increased investment in efficiencies in the value chain, business unit integration and externalisation.

The reduction of risk in the current business models and geographic exposures therefore remains a high priority.

Opportunities

- Upscaling through consolidation and/or expansion to ensure critical mass and the unlocking of value synergies, as well as increased investment in efficiencies to ensure long-term sustainability, despite limited growth opportunities in the local agricultural sector.
- Diversification and/or externalisation into new markets, lower risk jurisdictions and/or commodities.
- Development and rolling-out of solutions which will ensure an increased client base (addition of new clients) and an increase in the share of wallet of current clients spent across the Senwes Group.

Strategic focus areas triggered

- Diversification, horizontal integration and consolidation.
- Internal integration of the customer.
- Reorganisation of business models.
- Unlocking value synergies.
- Increased investment in efficiencies within the value chain.
- Externalisation.

For more information on the group strategy, see



13. Regulation and compliance risk



Risk trend:

Description

This risk describes the wide range of legislation that the group must comply with. The material acts are, inter alia, the Companies Act, relevant tax regulations, FICA, Financial Markets Act, FAIS, NCA, CPA, POPIA and OHSA.

Mitigation and control

The board accepts total responsibility for compliance with all applicable legislation and regulatory requirements. This is reported to the internal Compliance Committee and the Risk Committee, as well as the Audit Committee. Focused attention is afforded to compliance aspects throughout the company. The board officially adopted the Group Compliance Coverage Plan that involves a group-wide approach to compliance.

Opportunities

- Continuously drive improvement and optimisation of the group's compliance coverage plan.
- Strive for a culture of compliance through cultivating an understanding of regulatory compliance requirements by means of continuously upskilling and training personnel in this regard.

Strategic focus areas triggered

- Reorganisation of business models.

For more information on the group strategy, see



Group Financial Review

5-year review

Financial Statements

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|--|---------------|---------------|---------------|--------------|--------------|
| | R'm | R'm | R'm | R'm | R'm |
| Statement of financial position | | | | | |
| Assets | | | | | |
| Non-current assets | 4 347 | 4 019 | 4 146 | 3 352 | 2 218 |
| Current assets | 8 062 | 7 073 | 6 304 | 4 989 | 3 842 |
| Non-current assets held for sale | 2 | 19 | - | - | - |
| Total assets | 12 411 | 11 111 | 10 450 | 8 341 | 6 060 |
| Equity and liabilities | | | | | |
| Capital and reserves | 4 091 | 3 316 | 2 937 | 2 560 | 2 336 |
| Non-controlling interest | 519 | 424 | 376 | 343 | 27 |
| Equity | 4 610 | 3 740 | 3 313 | 2 903 | 2 363 |
| Non-current liabilities | 1 791 | 1 785 | 467 | 859 | 1 168 |
| Current liabilities | 6 010 | 5 586 | 6 670 | 4 579 | 2 529 |
| Total equity and liabilities | 12 411 | 11 111 | 10 450 | 8 341 | 6 060 |
| Interest-bearing liabilities included in current and non-current liabilities | 4 765 | 5 572 | 4 630 | 4 347 | 2 883 |
| Income statement per segment | | | | | |
| Revenue | | | | | |
| Financial Services | 476 | 380 | 309 | 385 | 348 |
| Input Supply | 10 563 | 8 095 | 5 534 | 2 633 | 1 485 |
| Market Access | 1 319 | 1 162 | 440 | 735 | 717 |
| Processing, Conditioning and Markets | 1 272 | 1 224 | 1 108 | 930 | 41 |
| Normal operating activities | 13 630 | 10 861 | 7 391 | 4 683 | 2 591 |
| Corporate income | 2 | 20 | 72 | 120 | 96 |
| Total revenue | 13 632 | 10 881 | 7 463 | 4 803 | 2 687 |
| Profit/(loss) | | | | | |
| Financial Services | 190 | 153 | 146 | 201 | 168 |
| Input Supply | 606 | 481 | 318 | 43 | 31 |
| Market Access | 555 | 325 | 213 | 176 | 283 |
| Processing, Conditioning and Markets* | 152 | 97 | 133 | 59 | 16 |
| Normal operating activities* | 1 503 | 1 056 | 810 | 479 | 498 |
| Corporate costs* | (160) | (131) | (138) | (89) | (100) |
| Consolidated, abnormal and sundry items | (16) | (55) | 77 | 56 | - |
| Profit before tax | 1 327 | 870 | 749 | 446 | 398 |
| Tax | (320) | (202) | (176) | (109) | (115) |
| Profit after tax, before non-controlling interest | 1 007 | 668 | 573 | 337 | 283 |
| Non-controlling interest | (100) | (67) | (69) | (34) | (2) |
| Profit after tax and non-controlling interest | 907 | 601 | 504 | 303 | 281 |
| Net finance costs (finance costs less finance income) included in results | (193) | (63) | (80) | (86) | (80) |
| Cash flow statement | | | | | |
| Cash from operating activities | | | | | |
| Change in operating capital | (422) | (851) | (567) | 762 | (193) |
| Total finance income and finance costs, tax and dividends paid | (717) | (415) | (338) | (313) | (243) |
| Finance income | 45 | 38 | 20 | 4 | - |
| Finance costs paid | (228) | (93) | (96) | (88) | (80) |
| Tax paid | (298) | (182) | (140) | (117) | (64) |
| Dividends paid | (236) | (178) | (122) | (112) | (99) |
| Net cash flow generated from/(used in) operating activities | 709 | 36 | (12) | 994 | 139 |
| Net cash used in investment activities | (550) | (168) | (330) | (927) | (104) |
| Net cash (used in)/generated from financing activities | (93) | 585 | (178) | (33) | (1) |
| Net increase/(decrease) in cash and cash equivalents | 66 | 453 | (520) | 34 | 34 |

*Comparative figures of 2022 have been reclassified between processing, conditioning and markets and corporate costs (R4 million).

Financial and operating ratios

| | Definition see p.14 | 5-year CAGR % | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---------------------|---------------|---------|---------|---------|---------|---------|
| Financial growth (%) | | | | | | | |
| Total assets | | 15,2 | 11,7 | 6,3 | 25,3 | 37,6 | (1,1) |
| Total equity | | 16,2 | 23,3 | 12,9 | 14,1 | 22,9 | 8,4 |
| Interest-bearing liabilities | | 9,5 | (14,5) | 20,3 | 6,5 | 50,8 | (4,9) |
| Revenue | | 37,3 | 25,3 | 45,8 | 55,4 | 78,7 | (3,8) |
| Profit before tax | | 25,2 | 52,5 | 16,2 | 67,9 | 12,1 | (7,9) |
| Normalised headline earnings per share | | 23,3 | 40,1 | 62,9 | 69,5 | (18,8) | (9,2) |
| Net asset value per share | | 12,4 | 20,0 | 14,1 | 13,4 | 7,2 | 7,7 |
| Closing market price per share | | 8,4 | 17,9 | 21,7 | 4,5 | - | - |
| Total dividends for the year | | 19,6 | 6,5 | 37,8 | 50,0 | - | 11,1 |
| Performance of ordinary shares | | | | | | | |
| Cents per share | | | | | | | |
| Earnings | 1 | | 525,8 | 347,6 | 294,4 | 178,3 | 169,1 |
| Normalised headline earnings | 2 | | 558,1 | 398,2 | 244,4 | 144,2 | 177,5 |
| Diluted normalised headline earnings | 3 | | 540,4 | 384,8 | 236,4 | 137,9 | 169,1 |
| Net asset value | 4 | | 2 337,4 | 1 947,7 | 1 707,3 | 1 506,1 | 1 404,7 |
| Closing market price | | | 1 650 | 1 400 | 1 150 | 1 100 | 1 100 |
| Total dividends for the year | | | | | | | |
| Final dividend declared/paid | | | 40 | 34 | 32 | 30 | 30 |
| Interim dividend paid | | | 36 | 34 | 32 | 30 | 30 |
| Special dividend declared/paid | | | 56 | 56 | 26 | - | - |
| Percentage | | | | | | | |
| Price-book ratio | 5 | | 70,6 | 71,9 | 67,4 | 73,0 | 78,3 |
| Dividend yield on opening market price | 6.1 | | 9,4 | 10,8 | 8,2 | 5,5 | 5,5 |
| Dividend yield, excluding special dividends, on opening market price | 6.2 | | 5,4 | 5,9 | 5,8 | 5,5 | 5,5 |
| Times | | | | | | | |
| Price-earnings ratio | 7 | | 3,0 | 3,5 | 4,7 | 7,6 | 6,2 |
| Cyclically adjusted price earnings ratio (CAPE ratio) | 8 | | 6,4 | 6,7 | 6,3 | 6,4 | 6,5 |
| EV/EBITDA multiple | 9 | | 4,3 | 7,3 | 6,9 | 9,8 | 9,1 |
| Dividend cover | 10.1 | | 4,0 | 2,8 | 3,3 | 3,0 | 2,8 |
| Dividend cover, excluding special dividends | 10.2 | | 6,9 | 5,1 | 4,6 | 3,0 | 2,8 |
| R'million | | | | | | | |
| Market capitalisation | 11 | | 2 983 | 2 531 | 2 079 | 1 989 | 1 989 |
| Shareholders' return | | | | | | | |
| Return on opening equity (%) | 12 | | 27,4 | 20,5 | 19,7 | 13,0 | 13,0 |
| Total shareholders' return on opening market price (%) | 13 | | 27,3 | 32,5 | 12,7 | 5,5 | 5,5 |
| Alpha (%) | 14 | | 15,4 | 9,9 | 7,7 | 0,3 | 0,4 |
| Alpha to residual risk ratio (cents alpha achieved per R1 residual risk)* | 15 | | 86,7 | 56,3 | 39,0 | 1,3 | 2,2 |
| Productivity and efficiency | | | | | | | |
| Asset velocity (times) | 16 | | 1,2 | 1,0 | 0,8 | 0,7 | 0,4 |
| Revenue/equity (times) | 17 | | 3,0 | 2,9 | 2,3 | 1,7 | 1,1 |
| Number of employees | | | 5 079 | 4 986 | 5 098 | 3 427 | 1 624 |
| Operating profit per employee (R'000) | 18 | | 294,2 | 182,1 | 159,9 | 160,8 | 290,6 |
| Return on total assets (%) | 19 | | 12,2 | 8,4 | 7,9 | 6,4 | 7,9 |
| Return on net tangible invested capital (%) | 20 | | 16,8 | 12,0 | 11,8 | 10,2 | 9,2 |
| Return on capital employed (ROCE) (%) | 21 | | 15,8 | 10,6 | 10,6 | 8,4 | 8,9 |
| Operating profit as % of income | 22 | | 11,0 | 8,3 | 10,9 | 11,5 | 17,6 |
| Effective tax rate (%) | 23 | | 24,1 | 23,3 | 24,2 | 24,5 | 28,8 |
| Solvency and liquidity | | | | | | | |
| Equity as % of net assets | 24 | | 49,2 | 40,2 | 41,7 | 40,0 | 45,0 |
| Own capital ratio (%) | 25 | | 37,1 | 33,7 | 31,7 | 34,8 | 39,0 |
| Gearing ratio (%) | 26 | | 95,5 | 146,7 | 139,2 | 143,7 | 120,7 |
| Non-interest-bearing liabilities as % of equity | 27 | | 65,9 | 48,1 | 75,7 | 37,6 | 34,4 |
| Finance costs (R'm) | 28 | | 238 | 101 | 100 | 90 | 80 |
| Interest cover (times) | 29 | | 7,2 | 10,9 | 9,7 | 7,0 | 6,7 |
| Current ratio (times) | 30 | | 1,3 | 1,3 | 0,9 | 1,1 | 1,5 |
| Quick asset ratio (times) | 31 | | 0,8 | 0,9 | 0,7 | 0,9 | 1,2 |

*Comparative figure for 2022 has been restated.

Definitions of the financial and operating ratios

1. Earnings per share

Earnings attributable to shareholders, divided by the weighted average number of shares in issue during the year.

2. Normalised headline earnings per share

Normalised headline earnings, divided by the weighted average number of shares in issue during the year.

3. Diluted normalised headline earnings per share

Normalised headline earnings, divided by the weighted average diluted number of shares in issue during the year.

4. Net asset value per share

Own equity divided by the number of shares in issue at year-end, net of treasury shares.

5. Price-book ratio

Closing market price per share divided by the net asset value per share, at year-end.

6. Dividend yield on opening market price

6.1. Dividend yield on opening market price

Total dividend per share divided by the opening market price per share.

6.2. Dividend yield, excluding special dividends, on opening market price

Total dividend per share, less special dividend per share, divided by the opening market price per share.

7. Price-earnings ratio

Closing market price per share divided by the normalised headline earnings per share.

8. Cyclically adjusted price-earnings ratio (CAPE-ratio)

Closing market price per share divided by the 10-year average, inflation-adjusted headline earnings per share.

9. EV/EBITDA multiple

Enterprise value (EV) divided by the earnings, before interest, taxes, depreciation and amortisation (EBITDA). Where the EV is calculated as market capitalisation plus the value of interest-bearing debt, less cash.

10. Dividend cover

10.1. Dividend cover

Earnings per share divided by the total dividend per share.

10.2. Dividend cover, excluding special dividends

Earnings per share divided by the total dividend less special dividend per share.

11. Market capitalisation

Closing market price per share multiplied by the number of shares in issue at year-end.

12. Return on opening equity

Profit after tax attributable to equity holders of the parent divided by the opening balance of own equity.

13. Total shareholders' return on opening market price

Total dividend plus growth in the market price per share, divided by the opening market price per share.

14. Alpha

Alpha is defined as the % by which the actual return on equity (definition 13) outperforms the required return on equity.

15. Alpha to residual risk ratio

Alpha (in R'm) divided by the group's average residual risk (in R'm). The ratio expresses alpha (definition 14) as a value in cents achieved per R1 residual risk taken.

16. Asset velocity

Revenue divided by total average assets.

17. Revenue/equity

Revenue divided by total closing equity.

18. Operating profit per employee

Profit before tax from operations, adjusted with finance costs, finance income and share of profit from associates and joint ventures (operating profit), divided by the total number of employees in the group at year-end.

19. Return on total assets

Earnings before interest and tax from operations (EBIT), as % of total assets less assets held-for-sale.

20. Return on net tangible invested capital

Earnings before interest and tax (EBIT) divided by the opening balance of net tangible invested capital. Where net tangible invested capital is calculated as total assets (or total equity and liabilities) reduced by goodwill and intangible assets, non-interest-bearing liabilities and cash.

21. Return on capital employed (ROCE)

Earnings before interest and tax (EBIT) divided by average long-term assets plus net working capital.

22. Operating profit as % of income

Operating profit as percentage of revenue. Where operating profit is calculated as the earnings before interest and tax, excluding profit from joint ventures and associates.

23. Effective tax rate

Tax expense as per the financial statements as a % of profit before tax.

24. Equity as % of net assets

Total equity expressed as a % of total assets, reduced by non-interest-bearing debt.

25. Own capital ratio

Total equity expressed as a % of total assets (or total equity and liabilities).

26. Gearing ratio

Interest-bearing debt, reduced by cash, divided by total equity.

27. Non-interest-bearing liabilities as % of equity

Non-interest-bearing liabilities and provisions divided by total equity.

28. Finance costs

Refer to note 22.2 in the annual financial statements.

29. Interest cover

Earnings before interest, tax, depreciation and amortisation (EBITDA), divided by finance costs.

30. Current ratio

Current assets divided by current liabilities.

31. Quick asset ratio

Current assets less inventory, divided by current liabilities.



Summarised consolidated statements of financial position

as at 30 April 2023

| | Group | | Company | |
|--|---------------|---------------|--------------|--------------|
| | 2023 R'm | 2022 R'm | 2023 R'm | 2022 R'm |
| Assets | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 2 761 | 2 315 | 786 | 792 |
| Investment property | 2 | 2 | 1 | 1 |
| Right-of-use assets | 30 | 29 | 1 | 1 |
| Goodwill and intangible assets | 255 | 161 | 4 | 5 |
| Investment in subsidiaries | - | - | 810 | 685 |
| Investment in joint ventures and associates | 101 | 110 | 30 | 31 |
| Other financial assets | 18 | 4 | 12 | - |
| Long-term portion of other loans receivable | - | 2 | 390 | 47 |
| Loans and other receivables | 1 103 | 1 300 | - | 1 |
| Deferred tax assets | 77 | 96 | - | - |
| Total non-current assets | 4 347 | 4 019 | 2 034 | 1 563 |
| Current assets | | | | |
| Inventories | 2 872 | 1 941 | 210 | 208 |
| Trade and other receivables | 4 630 | 4 401 | 374 | 614 |
| Other loans receivable | 1 | 1 | 5 050 | 5 151 |
| Inventory held to satisfy firm sales | 126 | 47 | 126 | 47 |
| Derivative financial instruments | 72 | 595 | 68 | 594 |
| Income tax receivable | - | 1 | 8 | 21 |
| Cash and short-term deposits | 361 | 87 | 6 | - |
| Total current assets | 8 062 | 7 073 | 5 842 | 6 635 |
| Non-current assets held for sale | 2 | 19 | 2 | 19 |
| Total assets | 12 411 | 11 111 | 7 878 | 8 217 |
| Equity and liabilities | | | | |
| Equity | | | | |
| Issued capital and share premium | 68 | 68 | 68 | 68 |
| Treasury shares | (65) | (129) | - | - |
| Foreign currency translation reserve | 29 | - | - | - |
| Reserves | 14 | 11 | 39 | 23 |
| Retained earnings | 4 045 | 3 366 | 2 367 | 2 298 |
| Total own equity | 4 091 | 3 316 | 2 474 | 2 389 |
| Non-controlling interest | 519 | 424 | - | - |
| Total equity | 4 610 | 3 740 | 2 474 | 2 389 |
| Non-current liabilities | | | | |
| Interest-bearing loans | 1 440 | 1 409 | 1 342 | 1 398 |
| Other financial liabilities | 71 | 104 | 58 | 91 |
| Lease liabilities | 21 | 22 | - | - |
| Deferred government grants | 12 | 10 | - | - |
| Deferred tax liability | 247 | 240 | 124 | 103 |
| Total non-current liabilities | 1 791 | 1 785 | 1 524 | 1 592 |
| Current liabilities | | | | |
| Trade and other payables | 1 986 | 1 140 | 303 | 320 |
| Contract liabilities | 27 | 20 | 26 | 19 |
| Short-term portion of interest-bearing loans | 2 915 | 3 979 | 2 872 | 3 648 |
| Other loans payable | 95 | 69 | 5 | 26 |
| Derivative financial instruments | 364 | 59 | 352 | 59 |
| Income tax payable | 18 | - | - | - |
| Short-term incentive bonuses | 190 | 143 | 105 | 88 |
| Bank overdraft | 286 | 89 | 204 | 10 |
| Short-term portion of lease liabilities | 13 | 11 | - | 1 |
| Short-term portion of deferred government grants | 2 | 2 | - | - |
| Provisions | 114 | 74 | 13 | 65 |
| Total current liabilities | 6 010 | 5 586 | 3 880 | 4 236 |
| Total liabilities | 7 801 | 7 371 | 5 404 | 5 828 |
| Total equity and liabilities | 12 411 | 11 111 | 7 878 | 8 217 |

Summarised consolidated statements of comprehensive income

for the year ended 30 April 2023

| | Group | | Company | |
|--|---------------|---------------|--------------|--------------|
| | 2023 R'm | 2022 R'm | 2023 R'm | *2022 R'm |
| Services rendered | 1 154 | 1 012 | 901 | 823 |
| Income from sale of goods | 12 073 | 9 557 | 388 | 356 |
| Revenue from contracts with customers | 13 227 | 10 569 | 1 289 | 1 179 |
| Finance income relating to the lending business | 405 | 312 | 285 | 227 |
| Revenue | 13 632 | 10 881 | 1 574 | 1 406 |
| Cost of sales | (9 526) | (7 609) | 17 | (115) |
| Finance costs relating to the lending business | (194) | (133) | (260) | (164) |
| Gross profit | 3 912 | 3 139 | 1 331 | 1 127 |
| Other operating income | 322 | 128 | 154 | 104 |
| Gain/(loss) on disposal of investment in joint venture | 2 | (10) | 22 | - |
| Distribution, sales and administrative expenses | (2 747) | (2 331) | (877) | (1 002) |
| Expected credit loss income/(expense) on financial assets | 5 | (18) | (10) | - |
| Operating profit | 1 494 | 908 | 620 | 229 |
| Finance income | 45 | 38 | 35 | 16 |
| Finance costs | (238) | (101) | (245) | (55) |
| Share of profit from joint ventures and associates | 26 | 25 | - | - |
| Profit before tax from operations | 1 327 | 870 | 410 | 190 |
| Tax | (320) | (202) | (108) | (37) |
| Profit after tax | 1 007 | 668 | 302 | 153 |
| Profit after tax from: | | | | |
| Continuing operations | 1 005 | 666 | 300 | 147 |
| Discontinued operations | 2 | 2 | 2 | 6 |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods, net of tax | | | | |
| Exchange differences on translation of foreign operations | 32 | - | - | - |
| Cash flow hedge movements | 21 | (14) | 21 | (14) |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of tax | | | | |
| Fair value adjustment on other financial assets | 3 | (1) | - | - |
| Total comprehensive income for the year, net of tax | 1 063 | 653 | 323 | 139 |
| Profit after tax attributable to: | | | | |
| Equity holders of the parent | 907 | 601 | 302 | 153 |
| Non-controlling interest | 100 | 67 | - | - |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the parent | 960 | 586 | 323 | 139 |
| Non-controlling interest | 103 | 67 | - | - |

* Change in presentation of finance costs relating to the lending business.

Earnings per share

| | 2023 cents/share | 2022 cents/share |
|--|---------------------|---------------------|
| Earnings per share | 525,8 | 347,6 |
| Diluted earnings per share | 509,1 | 335,9 |
| Normalised headline earnings per share | 558,1 | 398,2 |

Dividends for the year

| | 2023 cents/share | 2022 cents/share |
|--|---------------------|---------------------|
| Dividends per share paid during the year | 126 | 92 |
| Final dividend previous year | 34 | 32 |
| Special dividend previous year | 56 | 26 |
| Interim dividend | 36 | 34 |
| Final dividend per share proposed | 40 | 34 |
| Special dividend per share proposed | 56 | 56 |

Summarised consolidated statements of change in equity

for the year ended
30 April 2023

| | Issued share capital and share premium R'm | Treasury shares R'm | Share-based payment reserve R'm | Changes in ownership R'm | Other reserves R'm | Foreign currency translation reserve R'm | Retained earnings R'm | Non-controlling interest R'm | Total equity R'm |
|---|--|---------------------|---------------------------------|--------------------------|--------------------|--|-----------------------|------------------------------|------------------|
| Group | | | | | | | | | |
| Balance as at 30 April 2021 | 68 | (98) | 36 | (13) | 6 | - | 2 938 | 376 | 3 313 |
| Total comprehensive income | - | - | - | - | (15) | - | 601 | 67 | 653 |
| Profit for the year | - | - | - | - | - | - | 601 | 67 | 668 |
| Other comprehensive income | - | - | - | - | (15) | - | - | - | (15) |
| Dividends | - | - | - | - | - | - | (166) | (12) | (178) |
| Change in ownership of subsidiary | - | - | - | (4) | - | - | - | (7) | (11) |
| Equity-settled share-based payment scheme - Vesting | - | 21 | (17) | - | - | - | (4) | - | - |
| Net treasury shares purchased | - | (52) | - | - | - | - | (3) | - | (55) |
| Equity-settled share-based payment scheme - Expense | - | - | 18 | - | - | - | - | - | 18 |
| Balance as at 30 April 2022 | 68 | (129) | 37 | (17) | (9) | - | 3 366 | 424 | 3 740 |
| Total comprehensive income | - | - | - | - | 24 | 29 | 907 | 103 | 1 063 |
| Profit for the year | - | - | - | - | - | - | 907 | 100 | 1 007 |
| Other comprehensive income | - | - | - | - | 24 | 29 | - | 3 | 56 |
| Dividends | - | - | - | - | - | - | (225) | (11) | (236) |
| Change in ownership of subsidiaries | - | - | - | (12) | - | - | - | (15) | (27) |
| Acquisition of subsidiary | - | - | - | - | - | - | - | 18 | 18 |
| Equity-settled share-based payment scheme - Vesting | - | 23 | (20) | - | - | - | (3) | - | - |
| Net treasury shares sold | - | 41 | - | - | - | - | (4) | - | 37 |
| Equity-settled share-based payment scheme - Expense | - | - | 15 | - | - | - | - | - | 15 |
| Recycling of reserves | - | - | - | - | (4) | - | 4 | - | - |
| Balance as at 30 April 2023 | 68 | (65) | 32 | (29) | 11 | 29 | 4 045 | 519 | 4 610 |

| | Issued share capital and share premium R'm | Treasury shares R'm | Share-based payment reserve R'm | Changes in ownership R'm | Other reserves R'm | Foreign currency translation reserve R'm | Retained earnings R'm | Non-controlling interest R'm | Total equity R'm |
|---|--|---------------------|---------------------------------|--------------------------|--------------------|--|-----------------------|------------------------------|------------------|
| Company | | | | | | | | | |
| Balance as at 30 April 2021 | 68 | - | 36 | - | - | - | 2 316 | - | 2 420 |
| Total comprehensive income | - | - | - | - | (14) | - | 153 | - | 139 |
| Profit for the year | - | - | - | - | - | - | 153 | - | 153 |
| Other comprehensive income | - | - | - | - | (14) | - | - | - | (14) |
| Dividends | - | - | - | - | - | - | (167) | - | (167) |
| Equity-settled share-based payment scheme - Vesting | - | - | (17) | - | - | - | (4) | - | (21) |
| Equity-settled share-based payment scheme - Expense | - | - | 18 | - | - | - | - | - | 18 |
| Balance as at 30 April 2022 | 68 | - | 37 | - | (14) | - | 2 298 | - | 2 389 |
| Total comprehensive income | - | - | - | - | 21 | - | 302 | - | 323 |
| Profit for the year | - | - | - | - | - | - | 302 | - | 302 |
| Other comprehensive income | - | - | - | - | 21 | - | - | - | 21 |
| Other movements | - | - | - | - | - | - | (2) | - | (2) |
| Dividends | - | - | - | - | - | - | (228) | - | (228) |
| Equity-settled share-based payment scheme - Vesting | - | - | (20) | - | - | - | (3) | - | (23) |
| Equity-settled share-based payment scheme - Expense | - | - | 15 | - | - | - | - | - | 15 |
| Balance as at 30 April 2023 | 68 | - | 32 | - | 7 | - | 2 367 | - | 2 474 |

Summarised consolidated statements of cash flows

for the year ended 30 April 2023

Net cash flows from operating activities

| | Group 2023 R'm | Group 2022 R'm | Company 2023 R'm | Company **2022 R'm |
|---|----------------|----------------|------------------|--------------------|
| Cash from operating activities * | 709 | 36 | 235 | (166) |
| Finance income received from the non-lending business | 1 848 | 1 302 | 580 | 425 |
| Finance costs paid on the non-lending business | 45 | 38 | 21 | 16 |
| Tax paid | (228) | (93) | (236) | (48) |
| Dividends paid | (298) | (182) | (81) | (40) |
| Changes in working capital | (236) | (178) | (228) | (167) |
| | (422) | (851) | 179 | (352) |
| Net cash flows used in investment activities | (550) | (168) | (353) | (109) |
| Purchase of property, plant and equipment | (245) | (227) | (82) | (117) |
| Purchase of intangible assets | (2) | (12) | - | - |
| Proceeds from the disposal of property, plant and equipment | 78 | 33 | 17 | 7 |
| Acquisition of subsidiaries | (425) | 49 | (132) | (58) |
| Acquisition of other financial assets | (7) | - | (7) | - |
| Disposal of investment in joint venture | 23 | - | 23 | - |
| Dividends received from investments in joint ventures | 3 | 2 | 3 | 39 |
| Dividends received from subsidiaries | - | - | 3 | 2 |
| Additional loans received from related parties | 33 | - | - | - |
| Repayment of loans from related parties | (7) | (32) | (21) | (239) |
| Additional loans advanced to related and third parties | (1) | - | (394) | - |
| Repayment of loans to related and third parties | - | 19 | 237 | 257 |

Net cash flows before financing activities

| | | | | |
|--|-------------|------------|-------------|------------|
| | 159 | (132) | (118) | (275) |
| Net cash (used in)/ generated from financing activities | (93) | 585 | (70) | 777 |
| Treasury shares purchased | (12) | (57) | - | - |
| Repurchase of own shares | - | (10) | - | - |
| Repayment of interest-bearing loans | (45) | - | (56) | - |
| Proceeds from interest-bearing loans | - | 668 | - | 778 |
| Repayment of principal portion of lease liabilities | (14) | (16) | (1) | (1) |
| Additional share purchase in/capital contributions to subsidiaries | (27) | - | (13) | - |
| Deferred government grants received | 5 | - | - | - |

Net increase/(decrease) in cash and cash equivalents

| | | | | |
|--|-----|-------|-------|-------|
| Cash and cash equivalents at the beginning of the year | 66 | 453 | (188) | 502 |
| Exchange rate translation | (2) | (455) | (10) | (512) |
| | 11 | - | - | - |

Cash and cash equivalents at the end of the year

| | | | | |
|--|------------|------------|-----------|-----------|
| | 75 | (2) | (198) | (10) |
| * Additional information on operational cash flows: | 211 | 179 | 25 | 63 |
| Finance costs paid disclosed as part of cost of sales | (194) | (133) | (260) | (164) |
| Finance income received disclosed as part of revenue | 405 | 312 | 285 | 227 |

** Change in presentation of finance costs relating to the lending business.



Segmental information

For management and control purposes, the group is divided into business units based on their products, services and clients and consists of the following reportable segments:

| Financial services and advice | |
|--|--|
| (Agri Credit Solutions, Certisure Group, SS Wealth Planning, Molemi Sele Management*, Senwes Insurance Fund, Senwes Cell Captive and Digital Strategy) | Credit extension to agricultural producers and grain buyers. Agri Credit Solutions also renders agricultural services to its growing client base. Certisure includes commission received on short-term, crop and life insurance premiums and administration fees. SS Wealth Planning facilitates wealth creation by means of a wide range of wealth planning and related services for clients. Molemi Sele holds investments in agricultural companies and a cell captive. Digital strategy aims to collect and manage data to extract intelligence and contribute value to the supply chain. The Senwes Insurance Fund acts as an insurer for entities within the Senwes Group, and the Senwes Cell Captive provides credit life insurance to agricultural producers. |
| Input supply | |
| (Senwes Equipment, JD Implemente, Staalmeester, Hinterland Group, Falcon, KLK Landbou Group (Retail and Fuel), Agrinet, Protek and SFL Holdings Group) | Sales at retail outlets (including fuel stations), direct sales of farming input requirements, car dealership sales, the importation, manufacturing and sale of equipment goods and spare parts, as well as the servicing of such farming and other mechanisation equipment, locally and internationally. Wholesale supply of agricultural, fuel and industrial retail products to agricultural and other retail outlets. Buying, repackaging, distribution and selling of pesticides and fertiliser for the household and retail market. |
| Market access | |
| (Senwes Grainlink, Grainovation and ESC) | Income received from the handling and storage of agricultural produce, and the transportation of grain commodities. Commission earned on marketing of grain and revenue from the sale of grain. Electronic issuing and trading of silo certificates. |
| Processing, conditioning and markets | |
| (Senwes Seed*, Carpe Diem Raisins Group, KLK Feedlot*, Abattoirs and Auctioneering*, Botselo Mills, SA Dorper, Bastion Lime Group and NviroTek Laboratories) | Processing of seed. Buying, processing and packaging of raisins. The feedlots aid in getting animals market-ready while the abattoirs and auctioneering sites handle the slaughtering and selling of lamb and beef carcasses. The mills produce a wide range of maize products and a specialised beer powder. SA Dorper handles the processing and exporting of Dorper skins and cattle hides. The Bastion Group specialises in the production and marketing of high quality lime and gypsum products for agricultural and industrial purposes. NviroTek Laboratories is an independent and accredited testing laboratory group with an analytical focus on chemistry, microbiology, hygiene monitoring, chromatography and biological analysis. |
| Corporate | |
| (Senwes Share Incentive Scheme Trust, Thobo Trust, Senwes Capital and RealFin Collective Investment Scheme) | Head office services, information technology, human resources, planning and property development, central administration, fleet management, secretarial services, legal services, corporate marketing, risk management, internal audit, strategic development, group finance, market intelligence, corporate finance and business engineering, treasury and governance. |

Income tax is managed on a group basis and is not allocated to operating segments. Services rendered between related parties as reflected in operating segments are on an arm's length basis in a manner similar to transactions with third parties. The group executive committee monitors the operational results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segmental performance is evaluated, based on operating profit or loss, and is measured consistently against operating profit or loss in the consolidated financial statements.

* Discontinued during the current year.

Net segmental assets

| | Group | | | | | |
|---|---------------|---------------|----------------|----------------|--------------|--------------|
| | 2023 R'm | 2022 R'm | 2023 R'm | 2022 R'm | 2023 R'm | 2022 R'm |
| | Assets | | Liabilities | | Net | |
| Financial Services | 4 787 | 5 063 | (2 420) | (2 911) | 2 367 | 2 152 |
| Input Supply | 5 104 | 3 152 | (3 477) | (2 294) | 1 627 | 858 |
| Market Access | 1 377 | 2 030 | (1 004) | (1 379) | 373 | 651 |
| Processing, Conditioning and Markets | 775 | 502 | (416) | (326) | 359 | 176 |
| Total operations | 12 043 | 10 747 | (7 317) | (6 910) | 4 726 | 3 837 |
| Corporate | 291 | 268 | (237) | (221) | 54 | 47 |
| Total segmental assets/(liabilities) | 12 334 | 11 015 | (7 554) | (7 131) | 4 780 | 3 884 |
| Deferred tax | 77 | 96 | (247) | (240) | (170) | (144) |
| Total | 12 411 | 11 111 | (7 801) | (7 371) | 4 610 | 3 740 |

Segmental revenue and results

The Senwes Group operates in South Africa and Germany.

Financial Services

Income from financing clients, insurance brokerage and service level agreement income

AgriRewards

Intragroup sales

Profit from joint venture

Input Supply

Income from sale of goods and services rendered

AgriRewards

Intragroup sales

Finance costs

Market Access

Income from commodity trading, sale of goods and services rendered

AgriRewards

Finance costs

Profit from joint venture

Processing, Conditioning and Markets

Income from sale of goods and services rendered*

Finance costs

Profit from joint venture and associate

Normal operational activities

Corporate

Income from service level agreements and other corporate fees

Interest income from joint ventures

Finance costs

Corporate costs*

Consolidation, abnormal and sundry items

Total revenue

Profit before tax

Tax

Profit after tax (before non-controlling interest)

Non-controlling interest

Profit after tax (after non-controlling interest)

| | Group | | | |
|--|-------------------|---------------|-------------------------|--------------|
| | 2023 R'm | 2022 R'm | 2023 R'm | *2022 R'm |
| | Segmental revenue | | Segmental profit/(loss) | |
| | 476 | 380 | 190 | 153 |
| Financial Services | 498 | 382 | 189 | 151 |
| AgriRewards | (1) | (2) | (1) | (2) |
| Intragroup sales | (21) | - | - | - |
| Profit from joint venture | - | - | 2 | 4 |
| Input Supply | 10 563 | 8 095 | 606 | 481 |
| Income from sale of goods and services rendered | 10 591 | 8 107 | 675 | 525 |
| AgriRewards | (6) | (7) | (6) | (6) |
| Intragroup sales | (22) | (5) | - | - |
| Finance costs | - | - | (63) | (38) |
| Market Access | 1 319 | 1 162 | 555 | 325 |
| Income from commodity trading, sale of goods and services rendered | 1 340 | 1 185 | 721 | 399 |
| AgriRewards | (21) | (23) | (21) | (27) |
| Finance costs | - | - | (147) | (49) |
| Profit from joint venture | - | - | 2 | 2 |
| Processing, Conditioning and Markets | 1 272 | 1 224 | 152 | 97 |
| Income from sale of goods and services rendered* | 1 272 | 1 224 | 144 | 85 |
| Finance costs | - | - | (14) | (7) |
| Profit from joint venture and associate | - | - | 22 | 19 |
| Normal operational activities | 13 630 | 10 861 | 1 503 | 1 056 |
| Corporate | 2 | 20 | (176) | (186) |
| Income from service level agreements and other corporate fees | 1 | 20 | 1 | 6 |
| Interest income from joint ventures | 1 | - | 1 | - |
| Finance costs | - | - | (14) | (7) |
| Corporate costs* | - | - | (148) | (130) |
| Consolidation, abnormal and sundry items | - | - | (16) | (55) |
| Total revenue | 13 632 | 10 881 | | |
| Profit before tax | | | 1 327 | 870 |
| Tax | | | (320) | (202) |
| Profit after tax (before non-controlling interest) | | | 1 007 | 668 |
| Non-controlling interest | | | (100) | (67) |
| Profit after tax (after non-controlling interest) | | | 907 | 601 |

*Comparative figures of 2022 have been reclassified between processing, conditioning and markets and corporate costs (R4 million).

Segmental disclosable items

| | Group | | | | | |
|--------------------------------------|---------------------|--------------|---------------------|--------------|------------------------|-------------|
| | 2023 R'm | 2022 R'm | 2023 R'm | 2022 R'm | 2023 R'm | 2022 R'm |
| | Capital expenditure | | Depreciation on PPE | | Non-cash transactions* | |
| Financial Services | (7) | (8) | (3) | (3) | 99 | 19 |
| Input Supply | (113) | (70) | (68) | (40) | 72 | 42 |
| Market Access | (22) | (66) | (25) | (62) | (39) | 44 |
| Processing, Conditioning and Markets | (37) | (30) | (21) | (24) | 5 | 1 |
| Corporate | (66) | (53) | (57) | (13) | 104 | 25 |
| Total | (245) | (227) | (174) | (142) | 241 | 131 |

*Non-cash transactions consist of provisions made.

Glossary of terms

The following abbreviations and definitions have been used throughout this Integrated Report.

A

AFS

Annual Financial Statements.

AGBIZ

Agricultural Business Chamber of South Africa.

AGM

Annual General Meeting.

ALCO

Asset and Liability Committee.

B

BOBS

Botswana Bureau of Standards.

B-BBEE

Broad-Based Black Economic Empowerment.

BUSINESS ACTIVITIES

At the core of the business model is the conversion of inputs into outputs through business activities. These activities may include the planning, design and manufacturing of products or the deployment of specialised skills and knowledge in the provision of services.

BUSINESS MODEL

An organisation's system of transforming inputs through its business activities into outputs and outcomes that aim to fulfil the organisation's strategic purposes and create value over the short, medium and long term.

C

CA (SA)

South African Chartered Accountant.

CEO

Chief Executive Officer.

CFO

Chief Financial Officer.

COMPANIES ACT

Act no 71 of 2008 (as amended).

COMPLIANCE

Compliance is a key element of corporate governance. It refers to compliance with legislation and policies within the group.

COVID-19

Novel Coronavirus disease.

CPA

Consumer Protection Act.

CSI

Corporate Social Investment.

E

EBIT

Earnings before interest and tax.

EBITDA

Earnings before interest, tax, depreciation and amortisation.

ERM-FRAMEWORK

Enterprise-wide Risk Management Framework.

ESC

Electronic Silo Certificates.

EXCO

Executive Committee.

EY

Ernst & Young Inc.

F

FAIS

Financial Advisory and Intermediary Services Act.

FATF

Financial Action Task Force.

FCIBM

Fellow of the Chartered Institute of Business Management.

FCIS

Fellow of the Institute of Chartered Secretaries and Administrators.

FICA

Financial Intelligence Centre Act.

FINSTEER

Financial Steering Committee.

H

HACCP

Hazard Analysis Critical Control Point.

HEPS

Headline earnings per share.

I

IDC

Industrial Development Corporation.

IFRS

International Financial Reporting Standards.

IIRC

International Integrated Reporting Council.

INTEGRATED REPORT (IR)

Concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term.

INTEGRATED THINKING

The active consideration of the relationships between an organisation's various operating and functional units and the capitals that are used or affected.

IT

Information Technology.

J

JDI

JD Implemente.

JV

Joint Venture.

L

LONG TERM

A period beyond three years.

LTD

Limited.

LTI

Long-term share incentive scheme.

M

MEDIUM TERM

A period of one to three years.

MEIBC

Metal and Engineering Industries Bargaining Council.

MIBCO

Motor Industry Bargaining Council.

MOI

Memorandum of Incorporation.

N

NAV

Net asset value.

NCA

National Credit Act.

NCI

Non-controlling interest.

NOMCO

Nomination Committee.

O

OHSA

Occupational Health and Safety Act.

OTC

Over the counter.

OUTCOMES

The internal and external consequences (positive or negative) for the different forms of capital as a result of an organisation's business activities and outputs.

OUTPUTS

An organisation's products and services and any byproducts and waste.

P

POPIA

Protection of Personal Information Act.

PPE

Property, plant and equipment.

(PTY) LTD.

Proprietary Limited.

R

REMCO

Remuneration Committee.

RISK APPETITE

An expression of the maximum level of residual risk that the group is prepared to accept in order to deliver on its business objectives.

S

SACCAWU

South African Commercial Catering and Allied Workers Union.

SAFEX

South African Futures Exchange.

SFL HOLDINGS GROUP (SFL HOLDINGS AND S&L CONNECT)

SFL Holdings GmbH is a holding company incorporated in Germany, which and holds 100% of S&L Connect GmbH. S&L Connect holds the German operations which comprises six John Deere agencies and sub-dealers. SFL Holdings GmbH and S&L Connect GmbH are collectively referred to as the SFL Holdings Group.

SHEQ

Safety, health, environmental sustainability and quality management.

SHORT TERM

A period less than 12 months.

SOEs

State-owned enterprises.

SR

Sustainability report.

STAKEHOLDER

People or groups whose interests are linked in various ways with those of the organisation. Such people or groups can include shareholders, business partners, employees and the community.

STI

Short-term incentive scheme.

T

TRADITIONAL GROUP

Senwes operations before the acquisitions since 2019.

V

VALUE CREATION

Value is created through an organisation's business model, which takes inputs from the forms of capital and transforms them through business activities and interactions to produce outputs and outcomes that, over the short, medium and long term, create or destroy value for the organisation, its stakeholders, society and the environment.

W

WEF

World Economic Forum.

Corporate Information

Enquiries regarding this report

Carl Klingenberg, Group Chief Financial Officer
Telephone: 018 464 7476

Senwes Ltd

Registration number: 1997/005336/06

Postal address

PO Box 31
Klerksdorp
2570

Registered office

1 Charel de Klerk Street
Klerksdorp
2570
Telephone: 018 464 7800
Email: info@senwes.co.za

Ethics hotline

080 464 7800

Investor relations

Attention: The Company Secretary
PO Box 31
Klerksdorp
2570
Telephone: 018 464 7104
Fax: 086 673 3041
Website: www.senwes.com

Trading of shares

Over-the-counter trading desk:
Attention: The Company Secretary
PO Box 31
Klerksdorp
2570
Telephone: 018 464 7104/018 464 7105
Fax: 086 673 3041

Auditor

Ernst & Young Inc.
102 Rivonia Road
Sandton
Johannesburg
2196
Telephone: 011 772 3000

Financing partners

Absa Bank
Nedbank
Rand Merchant Bank
First National Bank
Investec Bank
Grindrod Bank